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IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

CIVIL ACTION NO. 93-5903-CN

J. Hay - exhibits only

Jonny - whole

Carol - orig.!

ARCH, et al., Plaintiffs, v. THE AMERICAN TOBACCO, COMPANY, et al., Defendants.	Deposition of DONALD W. TREDENNICK

TRANSCRIPT of testimony as taken by and before Jan C. Trimmer, CRR, RPR, and CSR #4008 in and for the State of California, commencing at 1:58 p.m., Tuesday, September 23, 1997, at the law offices of Milberg, Weiss, Bershad, Specthrie & Lerach, 355 South Grand Avenue, Suite 4170, Los Angeles, California.

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I N D E X

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E X H I B I T S

NO.	PAGE	DESCRIPTION
1	5	Copy of subpoena in a civil case (3 pages)
2	5	Product research report dated 10-3-75 (4 pages)
3	5	Document titled "Share of Smokers by Age Group" dated 8-12-76 (2 pages)
4	5	Memo dated 7-3-74 (10 pages)
5	86	Resume of D.W. Tredennick (2 pages)
6	91	Memo re Salem headline tests dated 7-3-75 (3 pages)
7	110	Marketing research report dated 5-23-90 (53 pages)

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EXHIBITS (continued):

NO.	PAGE	DESCRIPTION
8	115	Document titled "Young Adult Promotion Test" (3 pages)

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LOS ANGELES, CALIFORNIA

TUESDAY, SEPTEMBER 23, 1997

1:58 P.M.

(Documents were marked as Deposition Exhibits 1 to 4 for identification, and attached to and made a part of this deposition.)

THE VIDEOGRAPHER: Good afternoon. We are on the record at 1:58 P.M. on September 23rd, 1997, for the videotaped deposition of Donald Tredennick.

We are taping this deposition at 355 South Grand, Suite 4170, in Los Angeles, on behalf of the plaintiffs in the action entitled Arch, et al., versus The American Tobacco Company, et al., case number 93-5903-CN.

My name is Ted Neff. I am the video production specialist, from Wishnow & Associates, located at 16000 Ventura Boulevard, Suite 1102, in Encino, California.

This is tape number 1 of Volume I.

Would counsel and all present

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please identify themselves for the record.

MR. MURRAY: Stephen B. Murray Junior on behalf of the Arch plaintiffs.

MR. KACZYNSKI: Steve Kaczynski, Jones, Day Reavis & Pogue, Cleveland, Ohio, for RJ Reynolds.

MS. EDWARDS: Kristin Edwards, Jones, Day, Reavis & Pogue, Cleveland, Ohio, for RJ Reynolds.

MR. MURRAY: I will begin by stating on the record that I have spoken to counsel for RJR and we have agreed to the usual stipulations, that is, reserve all objections save as to form.

THE VIDEOGRAPHER: The witness may be sworn in.

DONALD W. TREDENNICK,
having been first duly sworn, was
examined and testified as follows:

EXAMINATION

BY MR. MURRAY:

Q. Good afternoon, Mr. Tredennick.

A. Good afternoon.

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Q. Am I pronouncing that correctly?

A. Tredennick.

Q. Tredennick.

You may have heard me already announce. I'm Stephen Murray and I'm here on behalf of the Arch plaintiffs, a class of plaintiffs in Pennsylvania who have brought suit against, among others, RJR Tobacco Company.

Mr. Tredennick, are you represented by counsel in this matter?

A. No.

Q. You understand you have a right to counsel if you so desire?

A. I did not understand that, no.

Q. I will tell you that you do have a right to have an attorney present if you have a desire to have one.

A. No. I don't feel I need one.

Q. You also have a right to read and sign your deposition, which means at the conclusion you will be sent a transcript and you can then read that and make sure that the court reporter has got down what you said correctly. You can either waive that right or decide whether you want to waive that right at the end

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of the deposition.

A. Okay.

Q. Would you please state your name for the record.

A. Don Tredennick.

Q. Is that your full name?

A. Donald Waldron Tredennick is the full name, W-A-L-D-R-O-N. Do you have the last name spelling? T-R-E-D-E-N-N-I-C-K.

Q. What is [DELETED]

A. [DELETED]

Q. [DELETED]

A. [DELETED]

Q. Do you [DELETED]

A. [DELETED]

Q. [DELETED]

A. [DELETED]

Q. [DELETED]

A. [DELETED]

Q. Mr. Tredennick, what are your educational credentials?

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A. I have a Bachelor's degree from Columbia University, New York City, and I have a teaching certification from the State of California, if that counts.

Q. What was your Bachelor's degree in?

A. Bachelor's degree was in psychology, experimental psychology.

Q. Did you take any courses in marketing?

A. Marketing, yes.

Q. Would that have been at Columbia?

A. At Columbia.

Q. Is marketing within the ambit of experimental psychology?

A. Well, yes, it is. It's where they draw people from -- typically from marketing functions, such as marketing research. That would be a logical background for marketing research.

Q. Did you take courses in statistics?

A. Statistics, yes.

Q. Do you have any other degrees?

A. No other degree.

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Q. Other than high school.

A. High school degree.

Q. What year did you receive your Bachelor's degree from Columbia?

A. 1957.

Q. Where did you go to work after you received your Bachelor's degree?

A. Alfred Politz Research in New York City.

Q. What type of company is Alfred Politz?

A. It's a marketing research firm, one of the very earliest and biggest, I would...

Q. Let me ask you: What does the field of marketing research entail? If you could just give me a brief summary of your view of what marketing research means.

A. Depending on where it's used, but speaking for large consumer package goods companies, marketing research is a function usually within the marketing department, and it's geared towards acquisition of information by use of large-scale surveys or from gathering and manipulating sales data, then taking that information that's acquired and using it to help

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other people in the marketing department put together their plans, their forecasts of volume, their strategic objectives, such as, for each product, who they are going to target that product to, toward, whatever, and what they are going to say to people to get them to use the product.

It also gets involved with product testing, comparison of different formulations of a product; it gets involved with testing, product testing versus competitive brands; gets involved with advertising research to help evaluate -- help put together an advertising -- usually a campaign, then help evaluate that campaign and individual aspects of the campaign; gets into media selection, what media would be most appropriate for a given campaign.

It gets into long-term planning. It involves development of new products, not only for the conceptual end of it; in other words, identifying what kind of a new product might be -- might sell well in the current environment, but also then evaluating and testing the new product maybe in test markets or

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other nonexclusionary areas where the cost of it would not be prohibitive. They catch the errors before they get too costly.

Q. Alfred Politz is a consulting firm or was it?

A. I'm not sure if it still exists or not. It was a consulting firm. Alfred was a German scientist who came to this company, and he worked to establish a practical way to use what's called probability sampling, so that rather than talking to a whole universe of people you could sample individuals within households and that data could then be reliably projected to whatever universe you are talking about, universe being like all women or all children under the age of 18.

Q. Sorry to cut you off. I kind of want to move along through this background information.

What was your position at Alfred Politz?

A. I started off -- well, when I left there I was an assistant project manager on the Bristol-Myers account.

Q. And what were your years of

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employment at Alfred Politz?

A. I was probably there about two years or so.

Q. So roughly 1957 to 1959?

A. Roughly probably, yes, probably -- I think I was in the army for about six months in there someplace. Around in there.

Q. And from Alfred Politz where did you go?

A. I went to Bristol-Myers Corporation.

Q. Were you involved in the same types of things going to Bristol-Myers that you did when you were with Alfred Politz?

A. Yes, except from the other side of the bench, so to speak.

Q. What were the years of employment at Bristol-Myers?

A. I was there about two or three years.

Q. Without nailing you down on dates, that takes us to early '60's, '62, '63?

A. Yes. Right about there I joined General Foods corporation up in White Plains, New York.

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Q. Was General Foods owned by or associated with RJR at that time?

A. No, no. Long before. General Foods is now associated with Philip Morris.

MR. KACZYNSKI: Philip Morris.

THE WITNESS: RJR has the Kraft and Nabisco...

BY MR. MURRAY:

Q. Were they associated with Philip Morris at that time?

A. No.

Q. When you were with General Foods were you involved in marketing research?

A. Yes. At General Foods I was also involved with brand management and special projects.

Q. What did brand management entail, again very briefly?

A. A brand manager is the individual who is responsible for a given brand, such as Birds Eye frozen orange juice, and he would and his staff would look at what's happened on the brand, look at how much money they have available, go to management and say for the coming year here's what we think we can deliver

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in volume, here's what we will need to implement our program, give us the money, please, and we will come back in three months and tell you how we are doing, and in a year we hope we meet the plan. Then he would coordinate all the functions, sales, R. and D., marketing research, anything that went into the management of that brand, he would be the one that...

Q. Where did you go from General Foods?

A. From General Foods I went down to Winston-Salem. RJ, RJR, RJ Industries was putting together a foods division from scratch, things like Chun King Oriental Foods, Hawaiian Punch, Patio Frozen Mexican Dinners, Bare Rabbit Molasses that they bought and --

Q. And you were employed by RJ Industries at that time?

A. I was employed by RJR Foods, which was a subsidiary.

Q. What was your job title with RJR Foods?

A. Excuse me?

Q. What was your job title with RJR Foods?

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A. I was group -- I think I was group director of Chun King and a number of other brands.

Q. You say "group director." Is that a position like a brand manager?

A. It's like a brand manager except you have a number of brands that you are responsible for and you have a brand manager working for you.

Q. Again, you would have had marketing research responsibilities plus the other responsibilities that we have listed in association with brand manager?

A. Yes. Marketing research would be a separate department, but I would be responsible for coordinating that.

Q. How long were you with -- actually, let me back up.

From the period you were with RJR Foods did you have any association with RJR Tobacco in terms of brand managing or marketing for tobacco products?

A. No, none.

Q. What was your next job position after RJR Foods?

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A. Then I went with RJ Reynolds Tobacco as director of consumer research, consumer and something else, but essentially I was directing the research which had to do with -- had direct ties to the consumer, to the smokers.

Q. Let me ask you to elaborate on that a little bit. What do you mean research that had direct ties by consumers to the smokers?

A. Research -- where research questions were addressed to either smokers or other consumers, mostly smokers, as a matter of fact, because when we were at -- when I was at Reynolds we were asked not to interview nonsmokers or anybody under 18.

Q. Was there a marketing research department -- actually, what year was that that you began with RJ Reynolds Tobacco?

A. 1973 probably.

Q. Who was your immediate supervisor in that position?

A. Hudnall Christopher.

Q. Do you recall his job title?

A. He was director of marketing

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research and brand development or something like that, probably director of marketing research at the time, and I think product development or strategic development may have come later.

Do you guys know?

MR. KACZYNSKI: Never met the man.

BY MR. MURRAY:

Q. I think you answered my question, but there was a separate marketing research department at that time?

A. Right.

Q. And what would marketing research -- what larger department, if any, would marketing research have been a part of?

A. It was a department of itself reporting to the president.

Q. To the president of RJ Reynolds?

A. Right.

Q. So Mr. Christopher reported directly to the president?

A. He reported directly to the president.

Q. Do you recall who the president was at that time?

A. Bill Hobbs.

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Q. How long did you hold the position of director of consumer research?

A. I think I held that position until I left Reynolds in 1980, although the position changed quite a bit over the years. It was expanded to include all advertising research, all promotion research; for example, testing the use of various promotions like couponing and sampling. It also included media research, and I had a marketing research company, telephone marketing research company reporting to me on a contractual basis.

Q. Was that company a subsidiary of RJR?

A. No. It was an independent company which we set up. They used our telephones. They set up their facilities, and so they were directly under our control.

Q. What was the name of that company?

A. That was MARC, M-A-R-C, Incorporated. It's all capital letters. I'm not sure if it's an acronym or not.

Q. So during the course of your employment with RJ Reynolds Tobacco your job

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title remained the same but your job duties may have changed or expanded?

A. Yes. It was over a period of seven years, roughly. So it sort of evolved.

Q. How many people did you have reporting to you we'll begin with when you started and work our way through to when you left RJR.

A. I probably had about an average of 20 over that period of time, not counting the telephone interviewers, and those, we had, depends on what was happening, but 30 might be...

Q. Of the 20 employees whom you had under you, what were their job responsibilities or job titles?

A. Well, several were in advertising research, handled the testing of new advertising, of ongoing advertising. We had a couple of statistical people working on general statistics, to help us out with various needs in that area. We had somebody handling the sales research, maybe a couple of those. We had -- of course, for this company we had a couple of people managing the research company. We had

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some sales -- we had somebody doing promotional research also.

Q. You said you had a couple of people handling sales research. What would that job entail, handling sales research?

A. Two things. One would be looking at actual sales and analysis of actual sales results reporting, two people by area, ideally working one-on-one with various sales managers, be they regional managers or some of the people who were doing things like, oh, vending, for example, working with them to help them use any information provided by the department to help them do their job better.

Q. What sales data would they use?

A. Case sales, essentially.

Q. How was that data gathered? By whom was that data gathered?

A. Got me. I would imagine the accounting department. I'm not quite sure how -- you know, specifically how those -- it would be -- yes, it would be receivables, it would be shipments handled through the account, through the accountant's office.

Q. So the sales researchers --

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A. Internally developed for the most part, but there was also information which was developed by the industry, industry sales data, where we got share of market and things like that. So they would be involved with that also.

Q. Do you recall who the persons who were doing sales data research for you at that time were?

A. John Saylor was a primary person through all the time I was there. I think he was one of the people whom I took responsibility for later in the later half of the years.

Q. Who would have been or what group of people would have been responsible for marketing research where you had direct contacts with the consumers? Would that have been someone within your group?

A. No. That would be -- usually we would contract that out. So there would be another firm would -- we would hire a firm to have the direct contact under our direction. The only people who would have direct contact would be our own telephone interviewers that would call up and say hi and go through the questionnaire, but it would be -- there would be

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no -- it would be fairly rigid. There would be no room for decisions on their part. They would just go through a standard questionnaire, branch questionnaire.

In the later years we even had it computerized. So depending on their answer. You could tell me you would smoke Winston. The whole interview would go through a different channel.

Q. Who were some of the -- (unintelligible).

A. (Unintelligible.)

Q. When I'm asking a question you need to let me finish so I don't run over you and you don't run over me.

THE REPORTER: I missed that question. "Who were some of the" --

BY MR. MURRAY:

Q. Who were some of the subcontractors that you used for direct contact with consumers?

A. I haven't even thought about that in a while. Let me see. We had David up in New York, David's his first name. He started running the marathon because I said he was too

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heavy. I don't remember his last name.

Q. David the marathon runner.

MR. KACZYNSKI: Can't be many of those.

THE WITNESS: Let's see. We had -- one of the biggest ones was NFO, a firm called National Family Opinion. They did -- they ran panels, household panels, and they handled all the product testing.

BY MR. MURRAY:

Q. Did that company contract for -- did NFO contract to do panel testing for companies other than RJR?

A. Yes.

Q. Did they do panel testing for businesses other than tobacco -- the tobacco industry?

A. Yes, they did. Also used them at General Foods for some purposes.

Q. So they were associated with a variety of consumer products?

A. Yes.

Q. Do you recall who your statistical employees were? You said you had a couple of people who assisted you with statistical data.

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A. Jerry Moore and Dick Nordine.
Got you to write something down.
Q. When did Jerry Moore come to work for you, to work under you?
A. Jerry Moore? Probably in 1975 or 1976. Dick Nordine, I think he -- Jerry Moore hired sometime thereafter.
Q. Statisticians, was their job to review raw data that was furnished by other people and reach statistical conclusions?
MR. KACZYNSKI: Object to the form.
THE WITNESS: H'mmm?
MR. KACZYNSKI: No. One of my jobs is to object to the form of the question if I think there is something wrong with it, but you can just go ahead and answer it.
THE WITNESS: Thank you. There is something wrong with it, how to answer it.
No. His --
BY MR. MURRAY:
Q. And --
A. He was more concerned with helping me and some of the other managers in the market research department to determine the statistical parameters of a particular study.

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For example, we would do what we called a segmentation study, where we would interview smokers, then we would divide -- once we got the interview going we would divide a large sample, maybe a thousand smokers, into groups which were -- these groups were according to the way they answered questions about their habits, their behavior, their feelings, their wants and needs, their reaction to cigarettes, their awareness of advertising. It's a whole lot of different things. We would divide those into discrete groups which were homogeneous with respect -- each group was homogeneous with respect to the way they answered a lot of these questions, but heterogeneous to all other groups.

I haven't the vaguest idea how you do that, so Jerry told us, set it up, and helped us twirl the computers until we came up with these groups and then would help us analyze what we got out of it.

But the analysis of what came -- once we got those groups together, for example, the analysis would not really be Jerry's responsibility, although he was a big

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help in doing it. It would be either mine or somebody who worked for me or somebody in another section of the marketing research department.

Q. By the way, that was a good answer to a poorly worded question.

A. Thank you, thank you.

It was a good objection.

MR. KACZYNSKI: Thank you.

BY MR. MURRAY:

Q. Gives us an overview of what Mr. Nordine did and what Mr. Moore did, which was what I was after. Thank you.

A. Is that anything like what he told you he did?

Q. I'm supposed to ask the questions.

MR. KACZYNSKI: But I can tell you there is about 400 pages of Nordine describing what he did.

THE WITNESS: I know. I've heard. I really liked him. He was so good. He just really knew his job and was an extremely square shooter. There was no fluff about him at all.

I'm sorry.

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MR. MURRAY: Not to be rude, but I need to move to strike that as non-responsive.

MR. KACZYNSKI: The only way it could be non-responsive is if there was a question, and there was no question.

MR. MURRAY: Good point.

Q. Often he might raise the objection that we should proceed by question and answer, and just to help move things along I'll ask that you wait until there is a question on the table.

I believe you mentioned that you were involved in studies of coupons and sampling.

A. Yes.

Q. Would those have been discrete -- not discrete -- individual products -- I mean distinct projects or would that be an ongoing project?

A. My involvement was primarily in discrete projects, large-scale evaluations of the effectiveness of those kinds of promotions, setting up and then implementing or directing very specific research projects which would help the company evaluate whether or not sampling

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worked, whether or not couponing worked and under what conditions.

Q. With regard to couponing, can you recall any of those specific projects?

A. Yes. We did one major project which evaluated essentially the payback the best we could determine it, the effectiveness as defined by incremental volume from actually giving out samples, giving out -- are we talking about samples or coupons here?

Q. My question was about coupons and whether you recalled any specific questions about coupons.

A. Yes. And that's -- yes, we did.

Q. And do you recall any specific coupon projects to the extent that you could tell me what the coupon was and what it was you were analyzing?

A. Coupon study involved let's say a range of coupon values going from very small value to very large value.

Q. Was this a single --

A. This was a large --

Q. Is this a distinct coupon study that you are recalling?

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A. Yes, this is a distinct study.

Q. And when was this study conducted?

A. The mid-seventies, maybe 1977 or 1978.

Q. Who was involved in the coupon study? Would it have been your entire department, the entire research -- marketing research department or subgroups within your department? That's what I'm trying to get at.

A. Yes. On most major things like this the involvement would be myself, maybe one or two people on my staff, somebody who worked on a parallel level to me who was called a brand -- director of brand research as opposed to consumer research. We would work very closely together. He would be involved with it. Typically the director of research would work on this.

Q. Were you studying a number of different coupon programs when you conducted this study?

A. No. We were really studying values, brands, and I think those were the only real two -- the value because we were dealing

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with print coupons here, coupons which were in publications, newspaper coupons or magazine coupons.

Q. I guess my question is -- and maybe it's not apropos to the study -- do you recall any of the specific print coupons that you would have evaluated in the context of that study, that you might have looked at in the context of that study?

A. No, not really. They covered all brands, they covered all values, and the press ran them in sequential and they were all numbered. I don't remember if any of them had any distinct look to them or any appeal outside of the fact that this is a money-back offer. They were all store redeemable coupons. One, for example, was a $2.50 coupon off of a carton of cigarettes which at the time you could buy on I-95 for less than $2.50. People were asking for change when they got their cigarettes.

Q. What was your conclusion as to the effectiveness of these studies?

A. I don't recall, but it varied by brand and it varied by the value of the coupon, and it was done on a payback basis. So that

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probably, for example, a 75 cent coupon worked much better than either a 25 cent coupon or a $2.50 coupon. And the coupons seemed to work better for brands A and B but not for brands C and D, and usually that would be they worked better for small brands rather than the big brands. I'm not sure exactly if those were the results, but that's the kind of results.

Q. Did you find the coupons were effective in getting people -- nonsmokers to smoke?

A. No, we didn't -- I don't think -- we didn't even try to do that. There were no nonsmokers involved with -- I don't recall. Not to my knowledge, anyway, that I can recall now.

Q. I'm not sure I understood the answer. Is what you are saying that you didn't look at the effect on nonsmokers or are you saying that you found that there was no effect?

MR. KACZYNSKI: Object to the form.

THE WITNESS: We didn't look at the effect on nonsmokers.

BY MR. MURRAY:

Q. You just didn't study it?

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A. Yes. The best as I can recall -- I would have to think about that more, because I'm wondering how we distributed to -- they were distributed -- is it okay if I just ramble a bit here? I'm thinking out loud.

Q. Please, if you are clarifying your answer to my last question.

A. Yes, that's what I'm doing. Distributed in mass media, so they got into the hands of everybody, but we only -- the coupons got into the hands of everybody. We then kept track of the redemptions of those coupons, but we had no way of knowing whether they were redeemed by a smoker or a nonsmoker, had no way of knowing who they were redeemed by, and then we interviewed only smokers. Each coupon was -- the coupons were numbered sequentially for some reason. Why did we number those coupons sequentially? Because we sent some direct mail into households, I think.

Q. Direct mail was targeted to --

A. I really don't remember. I haven't thought about that study in so many years that...

Q. If you did direct mail, though,

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you would target that to smokers only?

A. Yes -- well, I'm not sure we could. I'm not sure. Direct mail would have to be a -- it would have to be a mailing list of some sort.

Q. Do you know where you got the mailing list for direct mail?

A. Ruben R. Donnelly.

Q. Would you tell Ruben R. Donnelly what sort of people you were looking for to get your direct mailing list?

A. No, it would come from a mailing list, sort of a mass mailing list; we did that.

Q. Do you know whether that list would distinguish between smokers and nonsmokers or would have smokers only? Let me break that into two different questions:

Did the list distinguish between smokers and nonsmokers?

A. I really don't remember. I don't recall.

Q. Did the list contain smokers only?

A. I don't remember that either.

Q. In addition to the coupon study I

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believe you said you did a sampling study. What is meant by a sampling study?

A. That was designed to test the effectiveness of giving free cigarettes to people. At the time that we started this study cigarettes were mostly sampled on street corners or public events in small packs of about four small, little, special packages of about four cigarettes, and the -- so we were testing to see if that had any effectiveness, and then we also tested sampling individual packages of 20 cigarettes and even cartons of cigarettes.

Q. What was the time frame of the sampling study?

A. I think that was after the couponing study. They came sort of one after the other.

Q. Mid to early '70's, 1975, 1976?

A. No. Mid to late.

Q. Mid to late '70's.

Did you reach any conclusions as to the effectiveness of giving free samples?

A. Oh, yes.

Q. What were those conclusions?

A. As I remember them, one

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conclusion was that the small packs didn't work, no effect, and that the best way to sample would be in quantities and repetitiously, and from a payback point of view also it would be much -- it would be very desirable to sample people who used a competitive brand of the same general nature to the brand that we were sampling.

Q. By "competitive brand of same," what do you mean by that?

A. If we were sampling, for example, Winston Lights, it would be best if we gave that sample to a Marlboro Lights smoker.

Q. Did you conclude that sampling could attract new smokers?

A. No.

Q. When I say "you" I am referring to you personally and not the study, and I'll ask you --

A. No.

Q. Did the study reach that conclusion?

A. No.

Q. Did the study attempt to analyze the effect of sampling on new smokers?

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

A. No.

Q. How did you define to whom you would give your sample cigarettes?

A. In this case we -- it depends on what we were using. Let's see. How did we distribute that? I don't recall exactly, but I think what we did is we called into a home, asked if there was a smoker in the home, asked if we could send a -- got permission to send cigarettes into their home for their use.

Q. Did you do any of the handing out cigarettes on the street corners that you described earlier in connection with that study?

A. I think so, yes.

Q. How would you define where you would hand out those cigarettes on street corners?

A. If we -- if we did it -- I'm not quite sure if we actually did that or whether we sent small packs into the homes. If we did hand them out on the street corners it would be defined -- we would give general directions to a marketing research firm to distribute them broadly in such-and-such an area. Then they would go through individuals who would hand out

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the cigarettes, pretty much exactly the same way that they were distributed in real life at the time or for non-test purposes at the time. The only difference would be that we would then screen the individual, get permission to call them back at some future date.

Q. Were there any other studies such as the sample study and the coupon study that we just discussed such as major long-term -- protracted studies of a certain type of marketing that you were involved in?

MR. KACZYNSKI: Object to the form.

THE WITNESS: Yes, there were a couple. One was -- there were two more I can think of. One was when I first went to the tobacco company we did a complete assessment of advertising that was being done at the time in order to see how the advertising was working, so to speak.

BY MR. MURRAY:

Q. Did you assess print media?

A. Yes. We were only in print.

Q. Was this after the tobacco industry ceased to advertise in television?

A. Yes.

Q. Did you assess the effect of

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

billboards?

A. Did quite a bit of work on billboards and individual billboard advertisement for different brands, tested beetle boards, cigarette advertising on -- cigarettes were -- an ad was put on the side of a Volkswagen beetle, shoved around town.

Q. What about sporting events advertising? Would that have come within the ambit of this advertising study?

A. No. We actually did a separate evaluation of the effectiveness of sponsorship of -- for Doral. I think Doral was sponsoring ski races. Winston was sponsoring Nascar and some other races. Camel was -- Camel might have been sponsoring something too. So we evaluated the effectiveness of that -- of those programs, special event programs we called them, I guess.

Q. In evaluating those special event programs did you ever reach any conclusions as to whether they would have an impact on nonsmokers?

MR. KACZYNSKI: Object to the form.

THE WITNESS: No.

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BY MR. MURRAY:

Q. Again, by "you" I'm referring to you personally as opposed to the study.

A. No.

Q. Did you prepare any final reports or memos in association with any of these tests we have discussed, the sampling test, the coupon test, the assessment of advertising, and the sporting events?

A. All of them.

Q. Were they drafted by you?

A. They probably would be, yes.

Q. Do you know where any of these tests might be today?

A. No, have no idea.

Q. I'm sorry. I said "tests." I meant "reports." Where any of these reports might be.

A. No.

Q. Did RJR have a document retention policy when you were employed by RJR in the marketing research?

A. One was formulated while I was there.

Q. Did you have any involvement in

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the formulation of that --

A. Yes.

Q. -- document retention policy?

A. Uh-huh.

Q. Do you recall anyone else who would have been involved in the formulation of that policy?

A. Only one would be one of the legal -- one of Reynolds Industries' legal department, a fellow named Kenton Cobb, C-O-B-B.

Q. C-O-B-B?

A. (Witness nods head up and down.)

Q. Do you recall any of the parameters of the document retention policy?

A. No, I really don't. I spent relatively little time on it.

Q. Were documents ever allowed to be destroyed in the context of the document retention policy?

A. Yes, to the best of my knowledge they were, yes.

Q. Do you recall any of the criteria for allowing documents to be destroyed?

A. Time.

Q. Any criteria other than time?

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A. The -- probably. I don't remember specifically, but the other would be the usefulness of that document either in terms of background for future research or for tracking.

Q. What do you mean by "tracking"?

A. Ongoing studies of, say, cigarette use from which we gathered share information, things like that.

Q. So if a document was determined not to be useful for future research and could not be used to track for purposes of future -- rather, to track past research, it was destroyed?

MR. KACZYNSKI: Object to the form.

THE WITNESS: As far as I know, after some period of time, maybe 5 or 10 years in some cases, I would guess.

BY MR. MURRAY:

Q. Under this policy who would be responsible for making the determination as to whether the documents were useful?

A. I don't know.

Q. Would Kenton Cobb have any role in determining whether the documents were

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useful?

A. I don't know that.

Q. Would anyone else in legal have any responsibility for determining --

A. I just don't know.

Q. As someone involved in marketing research do you have an opinion as to whether any of the coupons that you studied while working for RJR would have an effect on attracting new smokers?

A. No.

MR. KACZYNSKI: Object to the form.

BY MR. MURRAY:

Q. Do you have an opinion as to whether sporting events would have an effect of attracting new smokers?

MR. KACZYNSKI: Object to the form.

THE WITNESS: What does that mean? I don't --

BY MR. MURRAY:

Q. You can answer the question.

MR. KACZYNSKI: You can answer the question.

THE WITNESS: I see.

No.

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BY MR. MURRAY:

Q. During your tenure at RJR do you recall whether RJR tracked trends in smokers under the age of 18?

MR. KACZYNSKI: Object to the form. Vague.

THE WITNESS: The question again?

BY MR. MURRAY:

Q. I'll try and clarify the question for you:

Do you recall whether RJR regularly tracked market trends -- and by "market trends" I mean its share of its market -- in smokers under the age of 18?

A. Yes.

Q. Do you recall receiving reports about those trends?

A. Yes, yes.

Q. If you could take a look at this document for me and tell me if you recognize the document.

A. (Witness examining.)

MR. KACZYNSKI: Are we going to mark it?

MR. MURRAY: It's been previously marked

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

as Tredennick number 2.

MR. KACZYNSKI: What was 1? The subpoena?

MR. MURRAY: Correct.

THE WITNESS: I don't remember it.

BY MR. MURRAY:

Q. Could you please read the title of the document at the top of the document?

A. "Share of Smokers by Age Group."

Q. In the top left-hand corner I see the letters "MRD." Does that stand for "Marketing Research Department"?

A. Yes.

Q. And the letter appears to be addressed to Mr. T.L. Ogburn, O-G-B-U-R-N, Junior. Did you know Mr. Ogburn?

A. Yes.

Q. What was his position at RJR?

A. He was director of brand research.

Q. And it appears to be addressed to Mr. John M. Wallace. Who was Mr. John M. Wallace?

A. From. He was a -- what we called a brand research manager, and I'm pretty certain

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at the time he reported to Tom Ogburn.

Q. I'm sorry. You corrected me. I said "to" and you are correct, it's "from." The document appears to be dated October 30, 1975. Was that while you were employed --

A. Yes.

Q. -- as director of consumer marketing?

A. Consumer research.

Q. Consumer research.

And at the bottom of the document, next to the letters "CC," there appear a number of other names, including "D.W. Tredennick."

A. Uh-huh.

Q. Do you believe that that D.W. Tredennick is you?

A. Absolutely.

Q. Other names appear. John H. Sherrill, Junior. Who was Mr. Sherrill?

A. Joe Sherrill, Junior, was at the time -- let's see. He was a director of marketing research.

Q. J.H. Saylor, Junior, is that the Mr. Saylor we were discussing earlier?

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A. Director of sales research. Same one.

Q. Okay. J.C. Palmer?

A. John Palmer was a brand research manager.

Q. B.G. Swaine?

A. I don't recall.

Q. Ellen Monahan?

A. Ellen Monahan was another brand research manager at the time.

Q. Finally, who was G.E. Harlow?

A. I don't know. I probably know but I don't remember, to be more accurate. G.E. -- it...

Q. Let me ask you to read the first sentence of that document beginning with the words "this memo."

A. "This memo is the annual update of trends in share of smokers by age."

Q. Mr. Tredennick, do you recall RJR conducting an annual update of these -- of trends in smokers by age during your tenure?

A. Yes.

Q. Do you know whether they would have done that for every year that you were

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employed as the director of consumer research?

A. Yes.

Q. Do you believe you would have been copied on memos every time that would have been -- the annual studies would have been published?

A. Yes.

Q. Let me get you to continue reading right after we stopped, beginning with "information."

A. "Information is drawn from the April NFO panels. The tables included are: 1) Winston - Marlboro comparisons, 2) Salem - Kool comparisons, 3) corporate share of smoker comparisons, and 4) smoker share among the top 10 brands."

Q. NFO panels, are those panels conducted by the National Family --

A. National Family Opinion.

Q. National Family Opinion Corporation, we discussed earlier?

A. Right.

Q. Would those studies have been conducted at the request of RJR?

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A. Yes, or at least they would be reported to us at the request of RJR.

Q. Well, it's a difference I want to distinguish, if you know, whether the studies were actually conducted at the request of RJR.

A. I don't know.

Q. But you do know that the data was reported to you at the request of RJR?

A. Yes.

Q. Let me get you to continue reading this document.

A. Where did I leave off? "Smoker share among the top 10 brands"?

Q. Correct.

A. "Marlboro's traditional source of strength - younger smokers, though still sizable, is eroding at a rapid rate. Between April, 1974, and April, 1975, Marlboro King showed a five share point loss in the 14 to 17 year old age group and since 1973, Marlboro King's share of market has declined by eight share points in this segment. Marlboro King has shown little or no gain in the 18 to 24 category. Some growth did occur in

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the 25 to 34 group - possibly indicating an aging of the Marlboro franchise. Winston King did not capitalize on Marlboro's decline, but exhibited some softness itself - especially in the younger age groups, 14 to 17 and 21 to 24. Neither Marlboro or Winston are exhibiting much change in the older groups."

Q. The Marlboro and Winston cigarettes referred to in that paragraph, are those light cigarettes or the standard cigarette? Are those light cigarettes?

A. They would be -- no. They would be the brand, all -- all the Winston brand cigarettes.

Q. Do you know whether --

A. Where it says Marlboro King that would be the Marlboro King non-menthol.

Q. Do you know whether as of October 30, 1975, Marlboro had begun selling its Marlboro Light cigarette -- Philip Morris had began selling its Marlboro Light cigarette?

A. Yes, they had.

Q. When this refers to Marlboro

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King, is this referring to the light and the regular cigarette?

MR. KACZYNSKI: Object to the form. He said he doesn't remember the document.

THE WITNESS: The Marlboro King would be the straight, not the light.

BY MR. MURRAY:

Q. Based on your experience at RJR in the marketing -- as director of consumer research, it would be your belief when this says Marlboro King it's referring to the straight and not the light?

MR. KACZYNSKI: Objection.

THE WITNESS: It's not a belief. It was the convention at the time.

BY MR. MURRAY:

Q. That was the convention.

Can I get you to continue with --

MR. KACZYNSKI: Let me just place an objection to this procedure of having him read a document he's already said he doesn't remember into the record, but...

BY MR. MURRAY:

Q. You can continue.

A. "Salem King shows continuing

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

growth by posting a four point gain in the 14 to 17 market. There were no changes in the older markets. This growth for Salem occurred at a time when Kool King declined substantially in the 14 to 17 market and the 18 to 24 market. Thus, while Salem is beginning to show strength in the younger markets, Kool is showing major signs of weakness in the same markets."

Q. Let me ask you to stop there.

When you were director of consumer research, did you reach any opinions as to why the Salem and Kool showed this market shift that has been outlined in this paragraph?

MR. KACZYNSKI: Object to the form.

THE WITNESS: I probably did.

BY MR. MURRAY:

Q. Were you familiar -- let me ask you this:

Do you have any independent recollection of a market shift along the lines of what has been described in this paragraph?

A. Yes, uh-huh.

Q. You say that you probably did

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have an opinion as to why the market shift had occurred. Do you recall what that opinion was?

A. No.

Q. As director of marketing research would you have made an effort to ascertain why that shift in the market had occurred?

MR. KACZYNSKI: Object to the form.

THE WITNESS: I'm not sure we would or not. It depended on how -- on the clarity of the cause of it.

BY MR. MURRAY:

Q. Let me ask you to read the last paragraph.

A. "From a corporate standpoint, RJR and Philip Morris exhibited general growth in most age groups. Philip Morris did have a decline in the 14 to 17 group, while RJR showed a gain. The other four companies either showed no change or decline in the age groups."

Q. To whom are you referring when you say "other companies"?

MR. KACZYNSKI: Well, objection. He didn't say "other companies." The document that he doesn't recall does.

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

MR. MURRAY: Your objection is noted and I will clarify my question:

Q. If you know, to whom is the document referring when it says "other companies"?

A. I don't know.

Q. Mr. Tredennick, I would like to show you a document which has been marked as plaintiffs' deposition Exhibit 3. Actually, before we leave plaintiffs' Exhibit Number 2, does this appear to you to be an RJR memorandum?

A. Yes.

Q. Is this document of the type that was maintained in the normal course and scope of business of RJR Tobacco Company?

MR. KACZYNSKI: Objection.

THE WITNESS: I don't know.

BY MR. MURRAY:

Q. Does it appear to you to be a document --

A. You say "retained"? You are referring to retention schedule?

Q. No, sir. Thank you. I'll clarify my question:

Does this appear to you to be a

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document that was generated in the normal course and scope of business of the marketing research department of RJR?

MR. KACZYNSKI: Objection. Foundation.

THE WITNESS: Yes.

BY MR. MURRAY:

Q. Now, I would like to show you the document that has been marked as plaintiffs' exhibit -- I'm sorry -- Tredennick Number 3. It appears to be dated August 12, 1976, and appears to be addressed to Mr. T.L. Ogburn, O-G-B-U-R-N, Junior. Do you recognize this document?

A. Let me just skim it a minute.

Q. Certainly.

A. (Witness examining.) No, I don't recognize it. When I say "recognize" I could substitute "recall." I don't remember it or recall it.

Q. On the second page under the list of CC's a number of names appear, including "D.W. Tredennick." Does that lead you to believe that this document would have been addressed to you?

A. No.

Q. When you see a carbon copy on a

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document with your name on it, based on your experience in RJR would you expect that you would have been given a copy of that document?

A. Yes.

Q. Let me ask you to read the first paragraph of the document.

MR. KACZYNSKI: I'm going to object to the procedure again.

BY MR. MURRAY:

Q. You may proceed.

A. "This memo is the annual update of trends in share of smokers by age group. This trend data is drawn from the April NFO panels. The trends included are: Winston-Marlboro comparisons, Salem-Kool comparisons, corporate comparisons."

Q. Again, do you recall annual trends -- I'm sorry, update -- annual updates of the trends in share of smokers by age group being conducted by RJR in the year 1976?

A. Not specifically that year. This was an ongoing tracking endeavor which started, I think, before I joined Reynolds and kept going. It was really a by-product of the NFO

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panel of smokers.

Q. To your knowledge, would that project have been going on on August 12, 1976?

A. Yes.

Q. And would you likely have received copies of an annual update of trend of share of smokers by age group?

A. Yes. As an aside, Joe Sherrill and myself and Tom Ogburn would likely have gotten a copy of -- use of the southern there -- have got a copy of just about any document put out by somebody in the marketing research department.

Q. On the second page of this document there is a reference to an attachment. Based on what this document appears to be, what would you expect that attachment to have been, or do you know?

MR. KACZYNSKI: Objection. Calls for speculation.

THE WITNESS: I don't know.

BY MR. MURRAY:

Q. What attachments -- under the document retention policy that you developed would attachments generally be kept with

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documents?

A. I don't know.

Q. Was it your practice when you were employed by RJR to maintain attachments to memoranda with those documents?

A. On occasion. My personal files.

Q. This document appears to be signed by Mr. Tim Key, K-E-Y. Who was Tim Key?

A. He was -- he just joined -- I think he just joined the company and he was like an assistant brand research manager.

Q. Does this appear to you to be a document that would have been generated in the normal course of business of RJR Tobacco Company?

MR. KACZYNSKI: Objection.

THE WITNESS: I don't understand the question really.

BY MR. MURRAY:

Q. Would this appear to you to be a document that would have been generated in the normal business of the group that you worked in, the marketing department of RJR?

MR. KACZYNSKI: Objection.

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BY MR. MURRAY:

Q. Or the marketing research department of RJR.

A. I don't know.

MR. KACZYNSKI: We've been going for over an hour. Is it time for a break?

MR. MURRAY: I was just about to suggest that we take a break.

THE VIDEOGRAPHER: Off the record. The time is 3:15.

(Recess taken.)

THE VIDEOGRAPHER: We're on the record. The time is 3:22.

BY MR. MURRAY:

Q. Mr. Tredennick, I have just handed you a document which has been marked as Tredennick number 4. Could you please review that document and tell me if you have ever seen it before.

A. Yes, this one I have seen before.

Q. Do you recognize that as a document that you drafted while employed as a director of consumer research?

A. Yes.

Q. The document is addressed to

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
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Mr. F.H. Christopher, Junior. Is that the Mr. Christopher that we referred to earlier in the deposition?

A. Yes.

Q. Would you refresh my memory as to what his position was?

A. He was director of marketing research.

Q. Please read for me the first paragraph, the very first paragraph above the introduction to this memo.

A. "The purpose of this memo is to answer the question 'What causes smokers to select their first brand of cigarettes?'"

Q. At whose request was this memorandum drafted?

A. It was requested by Paul Sticht, who was the -- one of the top executives of Reynolds Industries, either the CEO or the chairman or both.

Q. How was that request made to you?

A. It came to me from Hudnall, who gave me a memorandum that Mr. Sticht wrote, and he asked me to put together an answer.

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Q. Hudnall is Mr. Christopher?
A. Yes.
Q. Did you see the memorandum that -- at that time did you see the memorandum that Mr. Sticht had written to Mr. Christopher?
A. Yes.
Q. Do you recall the contents, the general contents of that memorandum?
A. Yes.
Q. And what did the memorandum say?
A. It said "why do people start smoking and what influences their selection of a first brand."
Q. It said that in the form of a question, I assume.
A. I don't think so. I can't answer that. I don't remember.
Q. I guess --
A. It may have been "please provide me with your knowledge" or -- I really don't know, but the gist of it was why do people start smoking and what influences their selection of a first brand of cigarette.
Q. My question was confusing. What I mean is, was Mr. Sticht requesting that he be

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provided with that information or was the gist of the memo why people start smoking?

A. I don't recall. It would be -- I don't know. Anyway, Christopher asked me to put together an answer to that question. There were two questions, actually.

Q. And that request came from Mr. Sticht?

A. Yes, the question came from him.

Q. Do you know whether Mr. Sticht received a copy of this memo?

A. No.

Q. Did you give this memo to Mr. Christopher?

A. Yes.

Q. Christopher received a copy of the letter, you just don't know if he forwarded it to Sticht?

A. Right.

Q. Do you know whether Mr. Christopher would have discussed this memo with his immediate boss, Mr. Hobb?

MR. KACZYNSKI: Objection.

THE WITNESS: I don't know.

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BY MR. MURRAY:

Q. To whom did Mr. Hobb report?

A. Mr. Hobbs reported to -- I don't know to whom he reported.

Q. Am I correct -- Bill Hobbs. I said "Hobb." Did you understand that that was about whom I was talking?

A. Yes.

Q. Was this the first time you had ever been asked to make a report on what causes smokers to select their first brand of cigarette?

A. Yes.

Q. I would ask you to read the introduction portion of that memorandum.

A. "The discussion which follows will cover the age at which people generally start smoking, their initial reasons for smoking, the brands they initially select for regular use and their reasons for selecting that brand.

"For legal reasons, we have been unable to directly survey smokers under 18 years of age (as will be shown -- as will be shown most smokers begin smoking

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regularly and select a usual brand at or before the age of 18). Therefore, much of our information is drawn from secondary sources and we have to hypothesize to a considerable extent as to what causes initial brand selection because no comprehensive study we know of has directly addressed this issue."

Q. What were the legal reasons that you were not allowed to directly survey people below the age of 18?

MR. KACZYNSKI: Objection.

THE WITNESS: I don't know.

BY MR. MURRAY:

Q. How did you become aware that for legal reasons you couldn't survey?

MR. KACZYNSKI: I'm just going to object in the event that the answer is going to infringe on attorney-client privilege, but if it doesn't...

THE WITNESS: I don't remember.

MR. KACZYNSKI: That solves that problem.

THE WITNESS: I don't know. I did know it, but I don't remember where I heard it.

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BY MR. MURRAY:

Q. Was that fact generally known throughout your department?

A. My department being the people that worked for me knew that.

Q. Now let me ask you to read the paragraph under the heading "Starting Age."

A. "Over 50 percent of men smokers start smoking fairly regularly before the age of 18 and virtually all start by the age of 25. Women tend to begin smoking at a slightly older age. Here is a brief summary table; a more complete age distribution is attached, Table I."

Q. See at the bottom it says "Source: Department of Health, Education, and Welfare." Is that where you got the 50 percent figure?

A. Yes.

Q. I want you to turn to page 2, "Initial Reasons for Smoking."

A. "Initial Reasons for Smoking. Published sources are consistent in identifying one or more of the following

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as the essential reasons for smoking cigarettes, at least initially:

"Conformance, support, to gain confidence or security in stress situation, often social, enjoyment, taste or other physiological benefits after an initial learning period, to show off.

"When more than one of these factors enter into a young person's decision to smoke and the reasons for giving an individual -- and the reasons for a given individual are seldom clear-cut and" -- oh, "often."

"Often more than one of these factors enter into a young person's decision to smoke and the reasons for a given individual are seldom clear and definitive. In addition, two less prevalent reasons are to rebel against authority, although a youth is most likely -- is" --

Q. I apologize for the quality of the document It appears to be "most."

A. "Is most likely to smoke if his

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parents smoke or to satisfy a 'habit' which is developed from occasional smoking."

Q. I'll ask you to stop there.

What are the published sources that you refer to in that first sentence there?

A. I don't remember.

Q. Do you have a general recollection of what those would have been?

A. No.

Q. This is much the same question, but on what did you base those conclusions other than the published sources referred to in the beginning of the paragraph?

MR. KACZYNSKI: Objection.

THE WITNESS: Only those.

BY MR. MURRAY:

Q. I am going to refer you to page 4 -- I'm sorry -- page 5, second paragraph, under the heading -- the second paragraph after the heading "Reasons for Selecting a First Usual Brand." Let me begin by asking you what is meant by "first usual brand."

A. A usual brand is the way respondents were asked to name a specific brand

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of cigarette. It was what brand do you smoke most often and consider your usual brand of cigarette, you consider your usual brand.

Q. Did the term "first usual brand" come to be a term of art within your department?

A. A term of what?

Q. A term of art. Do you understand that question?

A. No. I don't understand what a term of art is, if it was...

Q. Did you come to --

A. It was actually --

Q. When we said "usual" -- I asked you -- I think you told me what you meant by "usual brand," and I see here the term "first usual brand" being referred to.

Did you come to use the term "first usual brand" as a regular term that you used in documents; for instance, to refer to the brand that people first identified as their usual brand?

MR. KACZYNSKI: Objection.

THE WITNESS: I don't understand the question, actually. The usual brand is what a respondent -- what a person being interviewed

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identifies as the brand that he usually -- he smokes most often and considers his usual brand of cigarette.

So the first one would be in response to someone's question when you first started smoking what did you smoke most often, what brand did you smoke most often and consider your usual brand of cigarette.

BY MR. MURRAY:

Q. When you would use the words "first usual brand" -- let me back up.

A. And the use of the "first usual brand" would be shorthand for the longer form which was on questionnaires.

Q. Would that shorthand be something that would normally be used within your department?

A. Yes.

MR. KACZYNSKI: Objection.

BY MR. MURRAY:

Q. Let me get you now to read that paragraph.

A. I have trouble reading the -- can I use your highlighted copy?

Q. All the copies that I have have

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that problem. You can see that came that way when they were produced.

A. The highlighted one is a better one.

"Generally speaking, we hypothesize" --

MR. KACZYNSKI: That's "broadly."

THE WITNESS: "Broadly speaking," thank you, "we hypothesize that the" -- who wrote this anyway?

"Broadly speaking, we hypothesize that the causes of initial brand selection relate directly to the reasons that a young person" -- "directly to the" --

MR. KACZYNSKI: "Smokes"?

THE WITNESS: "Reasons a young person smokes," right.

"The more closely a brand meets the psychological 'support' needs advertised -- (advertising or otherwise communicated brands or their image)," I guess, "and the physiological needs, product characteristics, the more likely it is that a given brand will be

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selected."

BY MR. MURRAY:

Q. What is meant by a "young person" in that first sentence? What age group are you referring to?

A. Eighteen to twenty-one.

Q. Earlier in the document it says that when a person decides to smoke -- the decision to smoke for most people is made prior to their turning 18, and here you are talking generally about how --

MR. KACZYNSKI: Why don't we look at what it says.

MR. MURRAY: Well, I can take you right where it says.

MR. KACZYNSKI: Yes, first page.

BY MR. MURRAY:

Q. "Men, 50 percent of men smokers start smoking fairly regularly before the age of 18 and virtually all start by the age of 25."

When you discussed the reason a young person begins to smoke you didn't differentiate between 18 and 21 and the group that was included in the beginning of this

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document, among people who are beginning to smoke, the 17 and under.

MR. KACZYNSKI: Objection. There is no question there.

BY MR. MURRAY:

Q. Does "young person" refer generically to that whole group?

A. There are two things happening. "Young person" generically, the term, a young person at the time was somebody 18 to 24 by convention. In this context it would mean -- it would be a broad -- the younger -- the younger end of the spectrum, which could be under 18.

Q. So in this context it could in fact include persons under 18.

A. Yes.

Q. And it says -- you just read -- "the more closely a brand" --

A. The reason I say that is because of the "hypothesize."

Q. And it's "hypothesize" because you didn't have access to information about smokers under the age -- direct access to information of smokers under the age of 18 to get that --

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A. Right.
Q. -- ask that question?
A. Right.
Q. It says, "The more closely a brand meets the psychological 'support' needs, advertising or otherwise communicated brand or" --
A. "Brand or user image."
Q. "Brand or user image, and the physiological needs, product characteristics, the more likely it is that a given brand will be selected."
Does that mean that -- did you mean to say that advertising and the characteristics of the smoke are what get young smokers to start smoking?
MR. KACZYNSKI: Object to the form.
THE WITNESS: No. This is the selection of a first brand. Smoking, whatever they either bum off peer groups or what their parents use, major reason. When they come to a point where they are actually buying or selecting their own brands, that's where the advertising has an influence, either through advertising or otherwise communicated. "Otherwise

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communicated" may be word of mouth, could be special events that they attend.

BY MR. MURRAY:

Q. The special events include sporting events where you might have or they might see an RJR product?

A. Rodeo, right.

Q. Advertised?

A. Advertised.

Q. I refer you to page 6, paragraph 1, under the heading "Reasons for Selecting First Usual Brand Continued." Let me get you to begin by reading "It is true" to the bottom of that paragraph.

A. "It is true the smokers will say 'a friend's influence' or 'I like the taste -- I liked that taste' or both when asked to recall why he will select his first regular brand rather than some other brand." "But," I think. "But it must also be true that influential young smokers, perhaps relatively few, have made brand selections based on product characteristics or advertising and promotion communication. The fact that

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two brands, Marlboro and Kool have such dominate shares among youths suggests the above hypothesis and a look at how these leading brands are perceived offers clues as to the causes initial brand -- as to what causes the initial brand selection in today's environment."

Q. Was it your hypothesis that you are expressing here that Marlboro and Kool enjoyed strong market share among first-time smokers because of their advertising campaigns combined with their peculiar smoking characteristics?

MR. KACZYNSKI: Object to the form.

THE WITNESS: Yes, to the advertising campaign, but not necessarily together. You put the two in the same group, and they may be separate. Yes, to advertising campaigns. That was my hypothesis as stated here in the memo.

BY MR. MURRAY:

Q. You say "yes to advertising campaigns." Would your answer be "maybe" to smoking characteristics?

A. It would be, uh-huh.

Q. So you feel it's

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predominant -- the choice of first usual brand is predominantly linked to advertising campaigns?

A. That was my argument here, yes.

Q. But you feel -- did you feel that smoking characteristics may have played some role?

A. Smoking -- oh, yes, I felt, as stated here, relatively minor.

Q. Then it looks like you go on and you look at some of the characteristics that these young smokers associated with Winston, Marlboro, and Salem on -- rather than recount it I'll just ask you to read it, beginning with Tables III and IV.

A. Which we don't have here, do we?

Q. The tables are attached, but I'm asking you to read the portion of the document that begins -- the paragraph that begins --

A. "Tables III and IV attached, show smokers' impressions, product and user images, of Winston, Marlboro, Salem, and Kool. These data suggest that:

"Marlboro is often selected initially because, a judgment, its

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advertising has consistently communicated a manly, tough confident user image and smoking -- smoking characteristics consistent with this image. This image conforms closely with many young smokers' needs for 'support' in stressful situations.

"Kool is often selected initially because, also a judgment, its smoking characteristics make it appropriate for youths who feel that smoking a brand that is widely perceived as strong will satisfy their need for 'support.' There is also evidence from focus group research that Kool has product characteristics that make it more acceptable than other brands to people who use drugs, and to blacks."

Q. Are those the characteristics that -- of Marlboro and Kool that you felt explained their strong market -- the characteristics associated with Marlboro and Kool that you felt explained their strong market share among young smokers?

A. Yes.

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Q. I would ask you to read the summary of this document.

A. "If a person is going to smoke cigarettes, he generally starts during his teens, primarily to conform with a close friend or friends, to give himself greater confidence in stress situation, or to avail himself or the physical" -- I can't read -- "to avail himself or the physical enjoyment smoking offers. Currently a young smoker is much more likely to select Marlboro or Kool than we would expect on the basis of these brands' overall franchise."

Stop there?

Q. Yes, please.

What do you mean by the term "overall franchise"?

A. All smokers.

Q. So it was your conclusion that Marlboro and Kool shared a greater market share proportionately among young smokers than they did among the rest of their -- than they did among adult smokers?

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A. I'm not sure if I said that exactly (witness examining document).

Is that first word "currently"? Can anybody read that, on that third line down there?

MR. KACZYNSKI: Looks like.

THE WITNESS: Currently a young smoker is much more likely to select Marlboro or Kool, I guess. We would expect -- yes -- we would -- for any given group, your going-in expectation would be that group is -- the incidence of use or the favored brand or the usual brand would be roughly in proportion to the total market. You see a flat profile. We didn't. We saw those two brands being used much more frequently.

BY MR. MURRAY:

Q. So they had a disproportionate share among younger smokers?

A. Disproportionate.

Q. Was it your feeling that this disproportionate share was connected with the characteristics which were associated with Marlboro and Kool that you listed in the preceding paragraph?

A. In part.

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Q. How did Marlboro and Kool attain their association with these characteristics?

MR. KACZYNSKI: Object to the form. Foundation.

THE WITNESS: What I say here is that they attained it through advertising primarily.

BY MR. MURRAY:

Q. Based on the conclusions that you just read to us under the summary, would you have expected that adopting an advertising campaign consistent with those aspects that you identified as being associated with Marlboro and Kool in the preceding paragraphs would increase RJR's share in the first-time smoker market?

MR. KACZYNSKI: Object to the form. Foundation; speculation.

THE WITNESS: Say it again. He put thoughts in my mind here.

BY MR. MURRAY:

Q. Based on the conclusions stated in the summary, would you have expected that adopting an advertising campaign consistent with those aspects that you identified as being associated with Marlboro --

A. For a new brand, you are talking

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about a new brand now?

Q. Correct.

Consistent with those aspects you identified as being associated with Marlboro and Kool would increase RJR's share in the first-time smoker market?

MR. KACZYNSKI: Same objection.

THE WITNESS: I had not thought about that nor -- no.

BY MR. MURRAY:

Q. Would it have increased their share --

A. Of a new brand share?

Q. Would adopting an advertising campaign and new brand consistent with the aspects that you identified as being associated with Marlboro and Kool increase RJR's share in the young smokers as you have referred to them in this document?

MR. KACZYNSKI: Object to the form. Foundation; speculation.

THE WITNESS: I don't know. My intent here was not to say anything about a new brand. It was simply to say why I thought what happened happened.

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BY MR. MURRAY:

Q. Based on your experience in the marketing world, would you expect that if you were to -- if Marlboro -- if RJR were to adopt an advertising campaign similar to those that Philip Morris had adopted with Marlboro and Brown & Williams had adopted with Kool would increase RJR's share in the young smoker market as identified in this document?

MR. KACZYNSKI: Objection. Foundation and vague.

THE WITNESS: And it has nothing to do with -- from what I understand, it gets into more of an opinion as opposed to fact.

BY MR. MURRAY:

Q. Would you have an opinion on that matter?

MR. KACZYNSKI: Objection. Foundation.

THE WITNESS: I'm not sure. I'd have to think about it.

BY MR. MURRAY:

Q. How long would you have to think about it?

A. Oh, probably a day or so.

Q. I hate to drag you back here.

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A. Don't do that.

Q. In the course of your research did you find that smokers tend to adhere to their first usual brand selection?

MR. KACZYNSKI: Object to the form.

THE WITNESS: I'm really not sure they did or not. I just don't know. I don't remember.

BY MR. MURRAY:

Q. You don't recall whether that had ever been revealed through your research?

A. I don't recall what the switching had to show.

Q. Was that something that RJR researched, switching data?

A. Yes.

Q. And what do you mean by switching data?

A. Well, it's sort of a nebulous concept, but changing from one brand, from one brand to another in terms of what their usual brand they smoke most frequently and the usual brand is.

Q. Is "switching" a term of art? By "term of art," is it shorthand for what you

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just said?

A. Yes, which -- yes.

Q. Something that you would have used as shorthand when you were director of marketing --

A. Yes, yes.

Q. -- of consumer research?

A. It's a tough concept because there's always multiple use going on. So it's hard to know when his real switch takes place. Some person may -- 80 percent of their volume consumed may be one brand and 20 percent may be three other brands or something like that. So it's a hard -- so we usually termed it usual brands, smoked most often and considered their usual brand. And then if it changed from one brand to another, in their view, that would be a switch.

Q. Mr. Tredennick, you received a -- do you recall receiving a subpoena to attend this deposition?

A. Yes.

MR. MURRAY: I would like to attach this -- actually I already marked the subpoena as --

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MR. KACZYNSKI: 1?

MR. MURRAY: Tredennick 1. Included in that subpoena was a request for documents.

Q. Do you have any documents responsive to that request?

A. None at all. I brought a resume if you want it. I found it.

Q. Was that a resume of when you were employed by RJR?

A. It included my RJR.

Q. Yes, I would like a copy of that, if you don't mind.

A. Yes.

MR. KACZYNSKI: Mark that as, what, 5?

MR. MURRAY: Yes, don't we mark it as 5.

MR. KACZYNSKI: Have you got that with you?

BY MR. MURRAY:

Q. If you have got a copy with you.

A. It's not the kind of resume I would really use, I would select and pick, but it's sort of as the years rolled on I revised and added. Do you want it from the beginning or do you want it just for Reynolds?

Q. From the beginning, the whole

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thing.

A. That's my only copy.

MR. KACZYNSKI: Before we sticker it we'll copy it and get it back to you, but we'll know it's 5.

BY MR. MURRAY:

Q. Mr. Kaczynski probably has some questions for you.

THE VIDEOGRAPHER: Could we take a break here? I'm just about done with the tape.

MR. KACZYNSKI: Okay. Let's do that. It sounds good.

THE VIDEOGRAPHER: This is the end of tape 1. The time is 3:58, and we're off the record.

(Recess taken.)

(The document referred to was marked as Deposition Exhibit 5 for identification, and attached to and made a part of this deposition.)

THE VIDEOGRAPHER: We're on the record. This is tape number 2. The time is 4:04.

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EXAMINATION

BY MR. KACZYNSKI:

Q. Is it "Tredennick"?

A. "Tredennick."

Q. With a long E. Someone like Kaczynski -- until the unibomber got arrested nobody knew how to pronounce my name.

When you joined the company, it was Reynolds' policy not to market to smokers under the age of 18?

A. Right.

MR. MURRAY: Object to the form. Leading.

MR. KACZYNSKI: And it's cross-examination.

Q. And the answer was?

A. "Yes."

Q. And during your period with the company did that policy ever change?

A. No.

Q. Did Reynolds interview smokers under the age of 18?

A. No.

Q. Ever?

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A. No.

Q. Did they --

A. Not to my knowledge.

Q. And because you were in charge of the area that you were in charge of, if it was going to happen you would most likely know about it, wouldn't you?

A. Most likely.

Q. And Reynolds did not conduct focus groups with people under the age of 18, did they?

A. No.

Q. And that was true throughout your tenure?

A. Throughout my tenure.

Q. And if it happened because of your position you would likely know about it?

A. Very likely.

Q. Was it also Reynolds' policy not to market to nonsmokers?

A. That's right.

Q. And was that true when you joined the company?

A. Yes.

Q. And was that -- was both of these

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policies about marketing, not marketing to people under 18 and not marketing to nonsmokers, were these made clear to you when you joined the company?

A. Yes.

Q. And who did that?

A. I don't remember.

Q. Was it a policy of the company that every marketing employee would be made aware of those policies?

A. I don't know.

Q. Was it common knowledge within the company -- within your department that this was company policy?

A. Yes, within my section and the people I spoke to and, say, the brand research managers.

Q. Was it one of your responsibilities to ensure that that policy was well known within your department?

A. Not really, no.

Q. Was it one of your responsibilities to ensure that that policy was followed within your department?

A. Yes.

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Q. I asked you -- you told me it was not Reynolds' policy to market to nonsmokers, and I'll ask you the same questions:

Did Reynolds interview nonsmokers?

A. No.

Q. Did Reynolds conduct focus groups that included nonsmokers?

A. No.

Q. Are you aware of any instances -- do you recall any instances where advertising executions might have been changed or eliminated because a focus group might have reported that it appears -- appealed to nonsmokers?

MR. MURRAY: Object to the form.

THE WITNESS: Not to my knowledge I don't recall that happening.

BY MR. KACZYNSKI:

Q. Let me just see if I can refresh your recollection. Let me give you what we will mark as Tredennick Exhibit 6.

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(The document referred to was marked as Deposition Exhibit 6 for identification, and attached to and made a part of this deposition.)

BY MR. KACZYNSKI:

Q. Take a moment to look at it.

A. (Witness examining document.)

Q. Let me know when you are ready to talk about it.

A. (Witness examining document.)

Q. I just have one question about page 1. First, if you flip to page 3, under the CC's, there is a "D.W. Tredennick." Is that you?

A. Yes.

Q. Which is, according to the discussion we had earlier with Mr. Murray, you would have likely been sent a copy of this document?

A. This particular one I would absolutely be sent.

Q. All right. I would ask you to take a look at the paragraph on the first page that begins with the word "four," and if you

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could read that into the record, please.

A. "Four of the headlines tested contained the word 'again.' These headlines were perceived as being aimed at smokers who had quit smoking. Due to this possible risk, these headlines were dropped from consideration."

Q. Does this refresh your recollection that there were instances where ad executions might have changed or been eliminated because of a perceived appeal to nonsmokers?

A. I would say this is a case.

Q. Were there other cases you can recall?

A. Not that I can recall.

Q. Do you recall instances where ad executions were changed or eliminated because they appeared to appeal to youth, people under the age of 18?

A. Not that I recall.

Q. Let's go back to the document Mr. Murray spent some time with you on, which I guess is Exhibit 4. Is that in the neighborhood.

As I understand this document,

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http://legacy.library.ucsf.edu/tid/vin07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

you -- and I think you said this when you were testifying about it earlier. You were asked to answer -- you addressed two questions; right?

A. Yes.

Q. One question was why people smoke; right?

A. Yes.

Q. And one question was why people choose their first or usual brand?

A. More accurately, why people start to smoke.

Q. Why people start to smoke and why people --

A. What influences their selection of a first brand soon thereafter.

Q. Let's take those two questions separately for a moment.

On the first question why people start to smoke, now, when you went to research that you found a lot of literature on that subject, didn't you?

A. Right.

Q. You found government studies?

A. Yes.

Q. And in fact, in this document you

http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

cite HEW studies more than once, right?

A. Right.

Q. Did you see academic studies on this subject?

A. Yes.

Q. So colleges and universities would have published on why people smoke?

A. Yes.

Q. Would you agree with my characterization that there was a wealth of information available in the public literature on the subject?

A. No, not a wealth. There was adequate information --

Q. There was information available that allowed you to --

A. Yes.

Q. -- write that portion of your report; right?

A. Right.

Q. Based upon findings of other sources; correct?

A. Right. Some of it was actually hard to come by, had to do some digging. The incidence of smoking by age group was readily

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http://legacy.library.ucsf.edu/tid/vjn07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

available.

Q. The reasons like, for example, peer pressure you cited in here as a reason people smoke. You found that fairly readily in the academic literature?

A. Yes.

Q. And in government studies?

A. Yes.

Q. In conjunction with that first question that you answered, you or anybody under your direction did not interview anyone under the age of 18 to get the answers to those questions, did they?

A. No.

MR. MURRAY: Object to the form.

BY MR. KACZYNSKI:

Q. Same thing about you didn't conduct focus groups --

A. Did not.

Q. -- among people under the age of 18?

A. No.

MR. MURRAY: Object to form.

THE WITNESS: We did no special, special research study.

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

BY MR. KACZYNSKI:

Q. This may simplify things, but you basically went to the library and did your research there?

A. Yes.

Q. Now, as to the second question, why people select their first usual brand, you didn't find any reports of any sort on that subject, did you?

A. Not that I can recollect.

Q. Okay. Let's turn to page 5 of this document.

A. "Reasons for Selecting a First 'Usual' Brand."

Q. Right. I'm not going to ask you to do any dramatic readings, but the first paragraph there suggests that you are drawing a hypothesis, but it's, I quote, "on the absence of direct data regarding reasons for initial brand selection."

A. That's correct.

Q. So there was no such data?

A. There was none I could find.

Q. Because there was no such data, was that the reason that you use -- I think we

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

could agree -- several times throughout this document the term "hypothesize" or "hypothesis"?

A. Yes.

Q. These are your theories; right?

A. Right.

Q. But they are not based on any data from outside sources or from internal sources?

A. No.

Q. For example, Reynolds didn't go out -- like we just discussed, Reynolds did not go out and interview people under the age of 18 to find out why they chose their first usual brand?

A. That's right.

Q. And did not conduct focus groups among those people?

A. Did not, and both of those would have been very easy to do.

Q. But it was company policy not to do it?

A. Couldn't do it, yes.

Q. Going back to page 6, page 6 this time, you went through the two indented paragraphs on page 6 about Marlboro and Kool?

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http://legacy.library.ucsf.edu/tid/vin07a00/pdf
Source: http://www.industrydocuments.ucsf.edu/docs/pggl0001

A. Uh-huh.

Q. Now, in each of those paragraphs you have in parentheses in the first one a judgment and in the second one also a judgment.

A. Yes.

Q. That is because -- this is, again, your theory on why this is true?

A. That's right.

Q. And there is no hard data you had in front of you to support either of those theories?

A. That's right.

Q. If we look at the tables that are the attachments to this document, Table I on the "Age Started Smoking," on the bottom the source for that is the United States Government, the Department of HEW; correct?

A. Yes. 1970? They were slow.

Q. And the next table, Table II, deals with share of smokers 18 to 20 years old, doesn't it, as well as overall market share?

A. Yes.

Q. So there is no underage data in this table?

A. No.

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: http://www.industrydocuments.ucsf.edu/docs/pggl0001

MR. MURRAY: Object to the form.
BY MR. KACZYNSKI:
Q. If we look at Tables III and IV --
A. Total market and then 18 to 20.
Q. Right.
Tables III and IV, again looking at the bottom of the page, appear to be based on RJR use & attitude study 1974.
A. Yes.
Q. Now, what was that study?
A. That was a large-scale study which looked at -- it was generally -- it was a general, broad scale, lots of interviews, study of -- it was called a use and attitude because it talked about their overall use of the product, the way they used it.
Q. Who is the "they" in your answer?
A. They, the smoker.
Q. Of what age group?
A. Over 18 -- no, 18 and over. And the attitude got into another dimension. The use was more or less descriptive. The attitude dealt with their perceptions of the brands, their perceptions of themselves, got into all

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

the -- called soft data sometimes.

Q. If you were designing a marketing campaign for a particular brand, the information that you just described to me, attitudes toward the brand, attitudes toward smoking, attitudes toward -- all the attitudes you just described, are those the things you would want to know before launching an advertising campaign for a brand?

A. As indicated here, those are the things we always would look at.

Q. But in the case of smokers under the age of 18, did Reynolds ever conduct a study that sought to find out those attitudes?

A. Not to my knowledge.

Q. I think this is my last question on this document. Flip back to the first page. Now, on the first page we have got that table on the bottom, "Age Started Smoking."

A. Yes.

Q. And the source for this information, as you mentioned, was the Department of HEW?

A. Uh-huh.

Q. Now, if I am reading the table

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

correctly -- and you can correct me if I am wrong -- it says 33 percent of women, a third, began smoking under the age of 18.

A. Yes.

Q. So -- and this one I think I have right. So that means 67 percent or two-thirds of women began smoking after the age of 18.

A. Eighteen or --

Q. Or older?

A. (Witness nods head up and down.)

Q. The answer is "yes"?

A. Yes.

Q. On men, if I'm reading your table correctly, it says 17 and under is 54 percent of the market.

A. Uh-huh.

Q. Roughly half.

A. Yes, 54 percent of men started smoking, yes.

Q. Again, so that would mean 46 percent of men began smoking --

A. Began smoking.

Q. Began smoking at 18 years of age or older?

A. Right.

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

Q. Now, if you are marketing a consumer product like cigarettes, two-thirds of the female market and one-half of the male market, that's a fairly substantial hunk that's left for you to pursue, isn't it?

A. Well, it's the numbers that you quoted, it is that.

Q. It is that, but it is a large amount of business for a consumer product company to pursue, half of men and two-thirds of women?

A. My point is that it is what it is. Perceptions of whether it's large or small would depend.

Q. Are you aware of any marketing decisions that were made by anybody at Reynolds following your preparing this memo? Let me be more specific:

Were any new brands introduced as a result of this memo of yours?

A. Not to my knowledge.

Q. Were any current brands repositioned based upon this memo?

MR. MURRAY: Object to the form.

THE WITNESS: Not to my direct

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http://legacy.library.ucsf.edu/tid/vdm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

knowledge, no.

BY MR. KACZYNSKI:

Q. Now, I just have some questions based on things that went before.

Among the items included in marketing research, a definition of marketing research that you gave Mr. Murray earlier, you included a topic called forecasts of volume. What does that mean?

A. How many cigarettes were sold, how many cigarettes will be sold in the next quarter, in the next year.

Q. That's important for a company to know?

A. Very important.

Q. Was one of the purposes of receiving the NFO data concerning 14 to 17 year old for forecasting purposes, to your knowledge?

A. Yes.

Q. So the company could know how many smokers would be coming in the market when they reach age 18?

A. Well, to help them know.

Q. To help them know the profile of the 18 year old smokers of the future?

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

A. Well, the forecasting would deal with volume. The profile of that volume would have to do with the marketing plans. There's a difference --

Q. I used the wrong term.

A. The importance of the forecasting in terms of volume is mostly for making sure that the production capabilities are there, for allocating monetary resources across various brands. It's a -- general financial and strategic planning.

Q. So the NFO data -- among the reasons you received the NFO data was for forecasting purposes, and that purpose was an important one to the company?

A. That was one of the reasons, yes.

Q. Also included in marketing research you had advertising research. Was advertising research ever conducted during your time at Reynolds on smokers under the age of 18?

A. No.

Q. Or nonsmokers?

A. Or nonsmokers.

Q. Another topic was media selection. Were media selection studies done

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

concerning the media preferences of people under the age -- smokers under the age of 18?

A. No.

Q. Or nonsmokers?

A. No.

Q. You mentioned another area under marketing research was testing new products; right?

A. Right.

Q. Were new products tested upon smokers under the age of 18?

A. No.

Q. How about on nonsmokers?

A. Not on either.

Q. You indicated that this organization MARC that -- would it be accurate to say it was an outside organization but it worked for you?

A. It was a big outside organization and they set up an interviewing center for us under contract.

Q. Did they interview smokers under the age of 18?

A. No.

Q. And because of your

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

responsibilities, if they did that would be something you would be aware of?

A. Absolutely.

Q. And if they interviewed nonsmokers that would be something that you would be aware of?

A. Also, yes.

Q. You discussed with Mr. Murray a segmentation study, and my notes -- and you can tell me if this is accurate -- said the segmentation study talks about the habits, behaviors, feelings, wants and needs of the particular group of people studied.

A. That was not a segmentation study. That was a user study, I believe, and although in the latter years, towards the late seventies we also did a segmentation study, which was just in the phase of being summarized and reported when I left. That was a similar type of study but more sophisticated.

Q. Of the studies, whether they were segmentation studies that were done during your position at Reynolds, did any of these studies -- did you ever study the habits of smokers under the age of 18?

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http://legacy.library.ucsf.edu/tid/vim07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

A. No.
Q. Or nonsmokers?
A. No.
Q. Did you ever study the behaviors of smokers under the age of 18?
A. No.
Q. Or nonsmokers?
A. No.
Q. Did you ever study the feelings of smokers under the age of 18?
A. No.
Q. Or nonsmokers?
A. Or nonsmokers.
Q. Did you ever study the wants and needs of smokers under the age of 18?
A. No.
Q. Or nonsmokers?
A. No.
Q. One of the other items you mentioned was awareness of advertising.
A. Yes.
Q. Advertising awareness.
A. Uh-huh.
Q. Did you ever study advertising awareness of smokers under the age of 18?

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http://legacy.library.ucsf.edu/tid/vjn07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

A. No.

Q. Or nonsmokers?

A. No.

Q. Coupons, do you recall whether or not coupons when they are distributed by whatever means have -- state on the face of the coupon that they are for smokers only?

A. I don't recall that. I'm not sure.

Q. Do you recall the coupons say they are for smokers over the age of 18?

A. I don't recall.

Q. You don't recall?

A. I don't recall. It would be a quick fact to find out. I just don't recall.

Q. Right. Speaking of quick facts to find out, you were discussing earlier the subject of document retention policies.

A. Uh-huh.

Q. Those policies were reduced to writing, weren't they?

A. I don't know. I don't recall. It would seem logical.

Q. You don't ever -- I guess my question is, do you ever recall seeing a

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

document retention policy reduced to writing?

A. Yes, I do recall seeing one, yes.

Q. So on the question of by what criteria documents would be destroyed, as you suggested earlier, one might be age, one might be usefulness, whatever those criteria were, they are memorialized somewhere; right?

A. Yes. You must have them.

Q. I don't have any here but I'm sure we do.

A. Some room in Wisconsin maybe.

Q. Well, Minnesota.

A. Minnesota.

Q. There is nothing that isn't in Minnesota.

Okay. Sampling, what was Reynolds' policy concerning sampling to smokers under the age of 18?

A. I really don't know what that policy was for that. I was involved a great deal with testing of sampling techniques, but I don't know how they -- if there was any official way of handling the distribution of four-packs in the sampling process.

Q. Well, the general -- are you

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aware of any general policy on whether samples were to be given to smokers under the age of 18?

A. I remember that when we tested we did not -- we tried to keep them away from people under 18 to the extent we could.

MR. KACZYNSKI: This is a big document which is for a very little point, actually, but let me mark this deposition exhibit -- oh, by the way, the few documents I've used here were from the Minnesota select set which, as I understand, was provided to the plaintiffs in the Arch case.

(The document referred to was marked as Deposition Exhibit 7 for identification, and attached to and made a part of this deposition.)

BY MR. KACZYNSKI:

Q. Let me give you what I have marked as Exhibit 7 to your deposition, and my first question is right on the front page there. Among the many, many, many recipients of this study the next-to-the-last one is one D.W. Tredennick.

A. That's me.

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

Q. That would be you. My only question -- you could flip through it and see if it -- the document itself looks familiar to you at all.

A. (Witness examining.)

Q. But my specific question is on page 6, if you would go down near the bottom of page 6. See the indented number 2?

A. Uh-huh.

Q. Would you read that into the record, please?

A. "Sampling techniques will be executed to ensure that minors and nonsmokers will not be sampled."

Q. Does that refresh your recollection about what the company policy on sampling to minors would be?

A. Yes. That would suggest that policy would be don't sample.

Q. And the same thing about nonsmokers?

A. Yes, the same thing with nonsmokers. However, in the execution of the company handing out these 4-packs, I doubt that there was any control.

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http://legacy.library.ucsf.edu/tid/vjn07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

Q. Well, let's talk about that. It wasn't Reynolds, was it, that handed out the 4-packs or the 20-packs or the cartons?

A. I don't know. It could have been. It could have been Reynolds' employees. We're talking out of market research now. It had nothing to do with market research. This has to do with getting these things distributed.

Q. Isn't it true that that was usually subcontracted to some outside vendor?

A. To my understanding, yes.

Q. Have you ever seen the contracts between Reynolds and the outside vendors concerning conditions of the sampling?

A. No.

Q. So the question on sampling as to who actually got these you don't know because that wasn't your area?

A. That's right, and in this study that we did -- this is the one I was very much involved in -- we did guard that they would not be -- not sample minors or nonsmokers.

Q. So from your personal experience, which would be this study, Exhibit 7, minors and nonsmokers were not sampled?

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http://legacy.library.ucsf.edu/tid/vim07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

A. Right.

Q. Earlier you were asked whether there had been any studies of the effect of sampling and couponing on nonsmokers. Do you recall?

A. Uh-huh.

Q. And I think your answer was either you didn't know or -- you don't know?

A. No.

MR. KACZYNSKI: Well, I asked a bad question. Let's go back and start again.

MR. MURRAY: His answer is already on the record. So, don't need to object.

MR. KACZYNSKI: What does it say?

MR. MURRAY: It's the answer he gave during my testimony -- during my direct, rather.

BY MR. KACZYNSKI:

Q. But after reviewing this document you are at least aware of precautions that in this instance at least were put in place to ensure there was no effect on minors and nonsmokers because the instruction was don't give them to them in the first place?

A. That's right, and that's what I was concerned with before. I just don't

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

remember what and how we were able to do that. This says we did.

Q. During the course of time you worked for Reynolds in your position there, when the term "young adult smoker" was used, how was "young adult" defined age-wise?

A. Young adult was 18 to 21.

Q. Was it defined in different ways for different purposes, or was that a standing instruction, standing definition?

A. The best I can recall, that was a standing convention.

MR. MURRAY: Let me --

MR. KACZYNSKI: Reliving old times?

MR. MURRAY: I'm wondering who wrote it.

MR. KACZYNSKI: You know what. I don't think it says, does it? Although since it seems like half the world was on the distribution list it would be a simple process of elimination.

THE WITNESS: I think I wrote most of it.

BY MR. KACZYNSKI:

Q. Would you have written the section that gave the instruction no sampling to nonsmokers or smokers under 18?

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http://legacy.library.ucsf.edu/tid/vjn07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

A. Uh-huh, if I wrote any of it I would have probably written that. It was probably a joint effort of some sort. I'm sure it was -- it looks like my writing. It was...

Q. Let me move on to the next -- close to the last -- maybe the last subject.

Let me hand you what we have marked as number 8, Exhibit 8.

(The document referred to was marked as Deposition Exhibit 8 for identification, and attached to and made a part of this deposition.)

BY MR. KACZYNSKI:

Q. Now, on this one we not only have your name but we have got your initials on the front cover, don't we?

A. Uh-huh.

Q. And that would indicate that we know you received it because you initialled it --

A. I read it, which is not always the case.

Q. I've been there. Okay.

And the title -- flip to the

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

first page of this what's titled "Consumer Research Proposal." Could you read the title of this research proposal.

A. "Young Adult Promotion Test - Camel Lights/Salem Lights."

Q. Would that be an instance in which "young adult" was being used, using the phrase we've been using all afternoon, it's a term of art in that case?

A. Yes, to talk of a specific age group.

Q. Flip over to the next and last page of the document. In the paragraph entitled "Methodology," if you look just a little bit halfway down the paragraph there is a sentence that begins "After screening." Do you see that?

A. Uh-huh.

Q. Could you just read that sentence into the record?

A. "After screening for smokers and appropriate age, 18 to 25, the interviewer will conduct a brief interview."

Q. And then in "Test Design," could you read the first sentence in "Test Design."

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http://legacy.library.ucsf.edu/tid/vjn07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

A. "The initial sample will be split 50/50 male-female with all participants being 18 to 25 years of age. A total of a thousand participants will be intercepted to assure a callback completion sample of 300."

Q. Okay. Based upon the reference to 18 to 25 in the methodology section and the reference to 18 to 25 in the test design section, does that suggest to you that perhaps young adults at least in this instance and perhaps others refers to that particular age group?

A. Yes.

Q. Besides forecasting, of what use to you was NFO data?

A. The NFO data, the major use of it was product testing.

Q. What does that mean?

A. Comparing -- say a new formulation of Winston was developed. You would have different characteristics or it was maybe less expensive or it was a different blend or they had to mix the blends. Any time that happened it was always cigarettes were sent to a

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

panel of smokers, sample D, sample Q, and they were asked to smoke it for a couple of packs over a period of time, and they would rate it on the standard questionnaire.

Q. I think my question was too broad. Let me telescope it in. I guess my question should have been of what use to you besides forecasting was the 14 to 17 age group bracket of NFO data.

A. The 14 to -- I think that changed over time. I don't recall when it started breaking out, the under 18 group. If I recall correctly, it was very, very late, it was in the late seventies and --

Q. We've had a couple of exhibits here suggesting it was the mid-seventies. Is that fair? 1975? 1976?

A. The mid-seventies.

MR. MURRAY: I'm not sure that I understand your question is responsive to what he is thinking about and what's meant by "breaking out of the 14 to 17 group."

MR. KACZYNSKI: Let me start back at square 1, and if we don't get anywhere I'll drop it altogether.

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

Q. The 14 to 17 year old piece -- the data that was reported in the exhibits that we have gone through today apparently began to be segregated and reported at some point in the mid-1970's. Is that right?

A. Yes, if I recall correctly.

Q. All right. Beyond forecasting purposes, knowing how many smokers were coming into the market and what the brand share would be, of what use to Reynolds was that data, if any?

A. It would be very useful information in terms of strategic planning, but only if there was a shift in intent, would be my judgment.

Q. What does that mean?

A. They were thinking of actually directing some marketing efforts or brand -- or formulation brand efforts to younger smokers.

Q. If you were going to direct brand efforts toward younger smokers, though, you would need to know some of the things we talked about before, attitudes, perceptions, wants, needs, wouldn't you?

A. Right.

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

Q. And NFO data does not give you that, does it?

A. Does not give you that. Strictly incidence.

Q. Incidence of smoking broken down demographically?

A. And by brand. And you see tracking over time, you see shifts in the --

Q. So the NFO data standing alone is inadequate to provide a basis for developing a brand for underage smokers?

A. You would need additional marketing information.

Q. Which Reynolds did not collect because it was their policy not to collect it?

A. Not to my knowledge.

MR. KACZYNSKI: No further questions.

MR. MURRAY: I just have one quick question on redirect.

FURTHER EXAMINATION

BY MR. MURRAY:

Q. This Table II, Mr. Kaczynski asked you the question this table doesn't relate

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http://legacy.library.ucsf.edu/tid/vjm07a00/pdf
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

to -- actually he stated it and I think you agreed with it, this table doesn't relate to smokers under the age of 18 (indicating). Where on this document does it say that it doesn't relate to smokers under the age of 18?

A. Right here, share of smokers, 18 to 20 (indicating).

Q. I see you have broken out smokers 18 to 20 and listed that sample, but, of course, the overall market would contain smokers above 20 years old, they are not listed on here, so share of market could in fact include smokers outside of that age group, couldn't it?

A. Is there a source on here?

Q. And share of market overall could include smokers under the age of 18 and, of course, RJR would know that because RJR tracked that, didn't they?

MR. KACZYNSKI: I'll object to the form.

THE WITNESS: I don't think so. I think that in order to make this comparison make sense these would both have to add up to 102. What's the 3 here? (Witness examining.)

You know where the 3 is? Probably this also included above. So these are

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included up in here (indicating). It's my view that there's some sort of an error here (indicating). This doesn't make sense, 102 -- 103 percent does not make -- does not make sense to me. But that can't be -- I don't know. Share of smokers 18 years old, share of market -- looks to me like the share of market would be -- looks to me like the share of market would probably be taken from -- it doesn't say. It may be taken from Maxwell or just a general, general share of market, which include -- which could include all people, and that's the share of 18 to 20. So this could be -- without knowing, it could be the share of market or it could be the share of the market of 18 years and older. It could be either one.

Q. But it could also be the market of -- share of market which included smokers under 18?

A. That's what I'm saying. It could be either one.

MR. MURRAY: That finishes me.

MR. KACZYNSKI: Thanks for your time.

THE VIDEOGRAPHER: This is the end of tape 2 of 2 and concludes the deposition at

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4:43. We are off the record.

THE REPORTER: What would you like done with the original transcript?

MR. MURRAY: We actually have to ask Mr. Tredennick if he would like to waive his right to read and sign or if he would like to read and sign. I think he said he would wait till the end of the deposition to decide.

THE WITNESS: I would like to read and sign it.

MR. MURRAY: Then send it to the witness.

(Discussion held off the record.)

MR. KACZYNSKI: So we will want what everybody else wants, the disk and the Min-u-script and the whole deal.

(Whereupon, the deposition of DONALD W. TREDENNICK was concluded.)

---0---

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DECLARATION

I hereby declare I am the deponent in the within matter; that I have read the foregoing deposition and know the contents thereof, and I declare that the same is true of my knowledge except as to the matters which are therein stated upon my information or belief, and as to those matters, I believe it to be true.

I declare under the penalties of perjury of the State of California that the foregoing is true and correct.

Executed on the ____ day of

_____ 1997, at

_____, California.

_____

DONALD W. TREDENNICK

http://legacy.library.ucsf.edu/tid/vjn07a00/pdf

Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

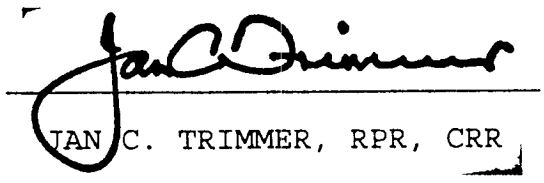
I, JAN C. TRIMMER, a Registered Professional Reporter, Certified Realtime Reporter, and Certified Shorthand Reporter for the State of California, do hereby certify:

That prior to being examined, the witness named in the foregoing deposition, to wit, DONALD W. TREDENNICK, was by me duly sworn to testify the truth, the whole truth, and nothing but the truth;

That said deposition was recorded stenographically by me at the time and place therein named, and thereafter transcribed, and the same is a true, correct and complete transcript of said proceedings.

I further certify that I am not interested in the event of the action.

WITNESS MY HAND this 24th day of September, 1997.



JAN C. TRIMMER, RPR, CRR
CSR NO. 4008

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United States District Court

CENTRAL DISTRICT OF CALIFORNIA

ARCH, ET AL.

V.

THE AMERICAN TOBACCO CO., ET AL.

SUBPOENA IN A CIVIL CASE

CASE NUMBER: U.S. Dist. Crt. - E.D.Pa. 93-5903-CN

TO: Donald W. Tredennick
[DELETED]

☐ YOU ARE COMMANDED to appear in the United States District Court at the place, date, and time specified below to testify in the above case.

PLACE OF TESTIMONY	COURTROOM
	DATE AND TIME

☒ YOU ARE COMMANDED to appear at the place, date, and time specified below to testify at the taking of a deposition (video) in the above case.

PLACE OF DEPOSITION	DATE AND TIME
Millberg, Weiss 355 S. Grand Avenue, Suite 4170 Los Angeles, CA 90071	Sept. 23, 1997 at 9:00 a.m. & Continuing on Sept. 24, 1997 at 9:00 a.m. & ~~thereafter until completed~~

☒ YOU ARE COMMANDED to produce and permit inspection and copying of the following documents or objects at the place, date, and time specified below (list documents or objects):

SEE ATTACHED.

PLACE	DATE AND TIME
Millberg, Weiss 355 S. Grand Avenue, Suite 4170 Los Angeles, Ca 90071	Sept. 23, 1997 at 9:00 a.m. & continuing on Sept. 24, 1997 at 9:00 a.m. & ~~thereafter until completed~~

☐ YOU ARE COMMANDED to permit inspection of the following premises at the date and time specified below.

PREMISES	DATE AND TIME

Any organization not a party to this suit that is subpoenaed for the taking of a deposition shall designate one or more officers, directors, or managing agents, or other persons who consent to testify on its behalf, and may set forth, for each person designated, the matters on which the person will testify. Federal Rules of Civil Procedure, 30(b)(6).

ISSUING OFFICER SIGNATURE AND TITLE (INDICATE IF ATTORNEY FOR PLAINTIFF OR DEFENDANT)	DATE
Attorney for Plaintiffs	September 12, 1997

ISSUING OFFICER'S NAME, ADDRESS AND PHONE NUMBER
Sherrice A. Knisely, Esquire - (215) 790-7300
1528 Walnut Street, 3rd Floor
Philadelphia, PA 19102

(See Rule 45, Federal Rules of Civil Procedure, Parts C & D on Reverse)

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DEPOSITION EXHIBIT 1 TREDENNICK 9-23-97

PENGAD-Bayonne, N.J.

http://legacy.library.ucsf.edu/tid/vjj07a00/pdf http://www.industrydocuments.ucsf.edu/docs/pggl0001

AO 88 (11/91) Subpoena in a Civil Case

PROOF OF SERVICE

	DATE	PLACE
SERVED	9-15-97	[DELETED]

SERVED ON (PRINT NAME)	MANNER OF SERVICE
DONALD W. TREDENNICK	PERSONAL
SERVED BY (PRINT NAME)	**TITLE**
MARIE ROCO	PROCESS SERVER

DECLARATION OF SERVER

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.

Executed on 9-16-97
DATE

SIGNATURE OF SERVER

CITY EXPRESS, INC.
ADDRESS OF SERVER
9903 Santa Monica Blvd., Suite 161
Beverly Hills, CA 90212
(310) 277-4727 FAX (310) 286-9348

Rule 45, Federal Rules of Civil Procedure, Parts C & D:

(c) PROTECTION OF PERSONS SUBJECT TO SUBPOENAS.

(1) A party or an attorney responsible for the issuance and service of a subpoena shall take reasonable steps to avoid imposing undue burden or expense on a person subject to that subpoena. The court on behalf of which the subpoena was issued shall enforce this duty and impose upon the party or attorney in breach of this duty an appropriate sanction, which may include, but is not limited to, lost earnings and a reasonable attorney's fee.

(2)(A) A person commanded to produce and permit inspection and copying of designated books, papers, documents or tangible things, or inspection of premises need not appear in person at the place of production or inspection unless commanded to appear for deposition, hearing or trial.

(B) Subject to paragraph (d)(2) of this rule, a person commanded to produce and permit inspection and copying may, within 14 days after service of the subpoena or before the time specified for compliance if such time is less than 14 days after service, serve upon the party or attorney designated in the subpoena written objection to inspection or copying of any or all of the designated materials or of the premises. If objection is made, the party serving the subpoena shall not be entitled to inspect and copy the materials or inspect the premises except pursuant to an order of the court by which the subpoena was issued. If objection has been made, the party serving the subpoena may, upon notice to the person commanded to produce, move at any time for an order to compel the production. Such an order to compel production shall protect any person who is not a party or an officer of a party from significant expense resulting from the inspection and copying commanded.

(3)(A) On timely motion, the court by which a subpoena was issued shall quash or modify the subpoena if it

(i) fails to allow reasonable time for compliance;

(ii) requires a person who is not a party or an officer of a party to travel to a place more than 100 miles from the place where that person resides, is employed or regularly transacts business in person, except that, subject to the provisions of clause (c)(3)(B)(iii) of this rule, such a person may in order to attend trial be commanded to travel from any such place within the state in which the trial is held, or

(iii) requires disclosure of privileged or other protected matter and no exception or waiver applies, or

(iv) subjects a person to undue burden.

(B) If a subpoena

(i) requires disclosure of a trade secret or other confidential research, development, or commercial information, or

(ii) requires disclosure of an unretained expert's opinion or information not describing specific events or occurrences in dispute and resulting from the expert's study made not at the request of any party, or

(iii) requires a person who is not a party or an officer of a party to incur substantial expense to travel more than 100 miles to attend trial, the court may, to protect a person subject to or affected by the subpoena, quash or modify the subpoena or, if the party in whose behalf the subpoena is issued shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship and assures that the person to whom the subpoena is addressed will be reasonably compensated, the court may order appearance or production only upon specified conditions.

(d) DUTIES IN RESPONDING TO SUBPOENA.

(1) A person responding to a subpoena to produce documents shall produce them as they are kept in the usual course of business or shall organize and label them to correspond with the categories in the demand.

(2) When information subject to a subpoena is withheld on a claim that it is privileged or subject to protection as trial preparation materials, the claim shall be made expressly and shall be supported by a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim.

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Plaintiffs hereby request pursuant to the Federal Rules of Civil Procedure that the witness produce at said deposition for inspection and copying:

1) all documents[1], computer data and/or discs, and other tangible things in any way related to or regarding R.J. Reynolds, including but not limited to all calendars, rolodex information/cards and phone books/listings for the period the witness is/was an employee and/or consultant of R.J. Reynolds; and

2) all articles, reports and papers[2], published or unpublished,

   a. written by the witness, whether located at any office, private residence, or other location; and/or

   b. in the witness' possession, whether located at any office, private residence, or other location; and/or

   c. under the witness' control, whether located at any office, private residence, or other location.

---

[1]/ The word "document" is used herein in its broadest sense and includes any original, reproduction or copy of any kind, whether typed, recorded, graphic, photographic, printed, written, computer data or documentary matter, including without limitation correspondence, memoranda, interoffice communications, notes, diaries, contracts, documents, drawings, diagrams, plans, specifications, estimates, vouchers, permits, written ordinances, minutes of meetings, invoices, billings, checks, reports, studies, telegrams, notes of telephone conversations, and notes of any and all communications in every other means of recording any tangible thing, any form of communication or representations, including letters, words, pictures, sounds or symbols or combinations thereof.

[2]/ The words "articles, reports and papers" are used herein in their broadest sense and include any original, reproduction or copy of any kind, whether typed, recorded, graphic, photographic, printed, written, computer data or documentary matter, including without limitation correspondence, memoranda, interoffice communications, notes, diaries, contracts, documents, drawings, diagrams, plans, specifications, estimates, vouchers, permits, written ordinances, minutes of meetings, invoices, billings, checks, reports, studies, telegrams, notes of telephone conversations, and notes of any and all communications in every other means of recording any tangible thing, any form of communication or representations, including letters, words, pictures, sounds or symbols or combinations thereof.

http://legacy.library.ucsf.edu/tid/vid07a00/pdf http://www.industrydocuments.ucsf.edu/docs/pggl0001

Product Research Report

Surgeon

MRD October 30, 1975 RJR

TO: Mr. T. L. Ogburn, Jr. FROM: John M. Wallace

SHARE OF SMOKERS BY AGE GROUP

This memo is the annual update of trends in share of smokers by age. Information is drawn from the April NFO panels. The tables included are: 1) WINSTON - Marlboro comparisons, 2) SALEM - Kool comparisons, 3) corporate share of smoker comparisons, and 4) smoker share among the top ten brands.

Marlboro's traditional source of strength - younger smokers, though still sizable, is eroding at a rapid rate. Between April, 1974, and April, 1975, Marlboro King showed a five share point loss in the 14-17 year old age group and since 1973, Marlboro King's share of market has declined by eight share points in this segment. Marlboro King has shown little or no gain in the total 18-24 category. Some growth did occur in the 25-34 group - possibly indicating an aging of the Marlboro franchise. WINSTON King did not capitalize on Marlboro's decline, but exhibited some softness itself - especially in the younger age groups (14-17 and 21-24). Neither Marlboro or WINSTON are exhibiting much change in the older groups.

SALEM King shows encouraging growth by posting a four point gain in the 14-17 market. There were no changes in the older markets. This growth for SALEM occurred at a time when Kool King declined substantially in the 14-17 market and the 18-24 market. Thus, while SALEM is beginning to show strength in the younger markets, Kool is showing major signs of weakness in the same markets.

From a corporate standpoint, RJR and Philip Morris exhibited general growth in most age groups. (Philip Morris did have a decline in the 14-17 group, while RJR showed a gain.) The other four companies either showed no change or declines in the age groups.

DEPOSITION EXHIBIT 2 Tredennick 9-23-97

JMW/gsf

attachments

RJR4646

BEST COPY

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cc: Messrs. J. H. Sherrill, Jr. J. H. Saylor, Jr. J. G. Palmer
D. W. Tredennick B. G. Swaine Ms. Ellen Monahan
G. E. Harlow

RJRT Form 3237-7/71

Produced by RJRTC

http://legacy.library.ucsf.edu/tid/vjm07a00/pdf Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

Bedy,
Please post in Spring, 1976 numbers ASAP.
Griff

TABLE I
TRENDS IN WINSTON'S SHARE OF SMOKERS BY AGE GROUP
COMPARED WITH MARLBORO
(BASED ON SPRING SCREENINGS OF THE NFO PANEL IN YEARS INDICATED)

	TOTAL YOUNGER SMOKERS (14-17) %	TOTAL ADULT SMOKERS (18 & OVER)[1] %	18 - 20 %	21 - 24 %	25 - 34 %	35 - 49 %	50 AND OVER %
WINSTON KING & BOX							
1966	NA	12	NA	21	13	11	10
1969	NA	11	NA	20	13	9	9
1972	12	11	13	17	13	8	9
1973	13	11	12	16	14	9	8
1974	13	10	11	14	13	9	8
1975 1976	11	10	11	12	13	8	8
WINSTON SUPER KING	9	10	11	11	13	8	7
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	2	NA	3	3	2	1
1972	1	2	1	2	3	2	1
1973	1	2	1	2	3	3	2
1974	1	3	1	2	4	3	2
1975 1976	1	3	1	2	3	3	2
TOTAL, WINSTON KING & SUPER KING	1	2	1	2	3	3	2
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	13	NA	23	16	11	10
1972	13	13	14	19	16	10	10
1973	14	13	13	18	17	12	10
1974	14	13	12	16	17	12	10
1975 1976	12	13	12	14	17	11	10
MARLBORO KING & BOX	10	12	12	13	16	11	9
1966	NA	4	NA	10	6	4	3
1969	NA	5	NA	15	8	4	3
1972	39	8	30	19	10	4	3
1973	39	9	30	21	11	5	3
1974	36	9	28	23	11	5	3
1975 1976	31	10	29	23	13	5	4
MARLBORO 100's	32	9	27	24	13	5	4
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	1	NA	1	1	*	*
1972	2	1	1	1	2	1	*
1973	2	1	2	2	2	1	1
1974	2	1	3	2	2	1	1
1975	3	2	3	3	2	1	1
1976	3	2	3	3	2	1	1
TOTAL, MARLBORO KING & 100'S							
1976	35	10	30	27	15	6	4
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	6	NA	16	9	4	3
1972	41	9	32	20	12	5	3
1973	41	10	32	23	13	6	4
1974	38	10	31	25	13	6	4
1975	34	12	32	26	15	6	5

Total adult smokers based on smokers 21 and older in 1966 and 1969 when younger smoker data was not obtained.

Less than .5%

RJR4647

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TABLE II
TRENDS IN SALEM'S SHARE OF SMOKERS BY AGE GROUP
COMPARED WITH KOOL
(BASED ON SPRING SCREENINGS OF THE NFO PANEL IN YEARS INDICATED)

	TOTAL YOUNGER SMOKERS (14-17) %	TOTAL ADULT SMOKERS (18 & OVER)[1] %	18 - 20 %	21 - 24 %	25 - 34 %	35 - 49 %	50 AND OVER %
SALEM KING & BOX							
1966	NA	9	NA	10	10	9	8
1969	NA	7	NA	7	7	7	7
1972	5	7	7	7	6	7	6
1973	5	7	7	6	6	7	6
1974	6	7	8	7	6	6	7
1975 1976	10 9	6 4	8 9	7 6	6 5	6 5	6 5
SALEM SUPER KING							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	2	NA	2	2	1	1
1972	1	2	1	2	3	2	2
1973	2	2	3	2	3	2	2
1974	2	2	3	2	3	3	2
1975 1976	1 2	3 2	3 2	3 2	3 2	3 3	2 2
TOTAL, SALEM KING & SUPER KING							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	9	NA	9	9	8	8
1972	6	9	8	9	9	9	8
1973	7	9	10	8	9	9	8
1974	8	9	11	9	9	9	9
1975 1976	11 11	9 9	10 10	10 8	8 7	10 9	8 7
KOOL FILTER KINGS							
1966	NA	4	NA	3	5	4	3
1969	NA	4	NA	5	5	4	3
1972	13	5	14	8	5	4	3
1973	15	5	14	9	5	4	3
1974	18	5	16	10	5	4	3
1975 1976	15 15	5 5	13 14	8 9	5 5	4 4	3 3
KOOL FILTER LONGS							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	1	NA	1	1	•	1
1972	1	1	1	1	1	1	1
1973	2	1	2	1	1	1	1
1974	2	1	2	1	1	1	1
1975 1976	3 2	1 1	3 2	2 2	2 1	1 1	1 1
KOOL MILDS							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	NA	NA	NA	NA	NA	NA
1972	NA	NA	NA	NA	NA	NA	NA
1973	1	•	1	1	•	•	•
1974	•	•	1	1	•	•	•
1975 1976	1 1	• *	1 1	1 -	• *	• *	• *
TOTAL, KOOL KING, LONGS, & MILDS							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	5	NA	6	6	4	4
1972	14	6	15	9	6	5	4
1973	18	6	17	11	6	5	4
1974	20	6	19	12	6	5	4
1975 1976	19 17	7 6	18 19	12 12	8 7	5 5	4 4

[1] Total adult smokers based on smokers 21 and older in 1966 and 1969 when younger smoker data was not obtained.

* Less than .5%

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TABLE III
TRENDS IN COMPANY SHARES OF SMOKERS BY AGE GROUP
(BASED ON SPRING SCREENINGS OF THE NPO PANEL IN YEARS INDICATED)

	TOTAL YOUNGER SMOKERS (14-17) %	TOTAL ADULT SMOKERS (18 & OVER)[1] %	18 - 20 %	21 - 24 %	25 - 34 %	35 - 49 %	50 AND OVER %
J. REYNOLDS							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	29	NA	37	30	26	29
1972	24	31	27	34	33	28	31
1973	24	31	28	32	34	30	31
1974	25	31	27	30	34	30	31
1975	28	32	28	31	35	31	31
1976	26	33	29	31	37	32	31
LIP MORRIS							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	15	NA	24	18	13	10
1972	46	19	38	28	22	16	13
1973	45	20	38	32	23	16	13
1974	43	20	37	34	24	17	14
1975	40	22	41	37	26	17	15
1976	44	22	40	40	27	19	16
WN & WILLIAMSON							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	15	NA	13	16	16	16
1972	18	15	19	15	14	15	16
1973	20	15	20	16	14	15	16
1974	23	15	23	18	14	15	15
1975	22	15	20	17	14	14	15
1976	20	14	19	16	13	13	15
RICAN							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	20	NA	14	20	22	22
1972	4	16	6	11	14	19	18
1973	2	16	4	9	14	19	19
1974	2	16	5	8	14	19	19
1975	1	15	3	6	13	19	19
1976	1	15	2	4	12	18	19
ORILLARD							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	13	NA	8	11	14	14
1972	6	12	7	7	12	13	13
1973	6	11	7	7	11	12	12
1974	6	10	7	7	10	12	11
1975	7	10	6	7	9	11	11
1976	7	10	8	7	9	11	11
ETT & MYERS							
1966	NA	NA	NA	NA	NA	NA	NA
1969	NA	8	NA	4	5	9	9
1972	2	7	3	5	5	9	9
1973	2	7	3	4	4	8	9
1974	1	6	2	3	4	7	8
1975	1	5	2	2	3	6	7
1976	1	5	1	2	3	6	7

al adult smokers was based on smokers 21 and older in 1966 and 1969 when younger smoker data not obtained.

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August 12, 1976

Mr. T. L. Ogburn, Jr.

Re: SHARE OF SMOKERS BY AGE GROUP

This memo is the annual update of trends in share of smokers by age group. Trend data is drawn from the April NFO Panels. The trends included are:

1. Winston-Marlboro Comparisons
2. Salem-Kool Comparisons
3. Corporate Comparisons

WINSTON VS. MARLBORO

YOUNGER SMOKERS

Winston King's share among this 14-17 year age group is off two points for the second year in a row. Current share is 9%. Conversely, Marlboro King's share among this age group which had shown losses during the past three years was up one point. Current share is 32%.

Both Winston Super King and Marlboro 100 have not shown any change among this age group.

ADULT SMOKERS

Winston King's share among the 18 and over age group is continuing its slow decline. Current share of 9% is off one point from 1975 and is largely attributable to the 21-24 year age group where share has been on the decline since 1966. Marlboro King's share has held about the same during the past four years among adult smokers. Current share is the same as Winston King's 9%. Marlboro King continues to gain share among the 21-24 year olds, whereas this is the age group from which Winston King's most consistent share declines are coming.

Winston Super King and Marlboro 100 are not showing any change among the adult smoker age groups.

SALEM VS. KOOL

YOUNGER SMOKERS

Salem King appears to have retained most of the share gain seen during 1975 among 14-17 year olds. Current share of 9% is only one point off the previous years high of 10%. Kool King, has a larger share at 15% and was even with the previous year.

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DEPOSITION EXHIBIT 3 Tredennick 9-23-97

RJR8147

MRD LIBRARY R.J. Reynolds Tobacco Company

Incidence

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ADULT SMOKERS

Share among Total Adult Smokers has not changed in the past year for either Salem or Kool. Salem, however, appears to have lost one share point among the older adult age groups while Kool increased share by one point among the younger adult age groups.

CORPORATE COMPARISONS

From a corporate standpoint, Philip Morris posted a 4 point gain among 14-17 year old smokers (RJR and B&W each lost 2 points). Among adult smokers, RJR was the only company that gained share over the previous year and currently holds a 32% share.

Tim Key
Marketing Research Department

TJK/bs

Attachment

cc: J. H. Sherrill, Jr.
G. E. Harlow
D. W. Tredennick
J. H. Saylor, Jr.
E. N. Monahan
J. G. Palmer

Produced by RJRTC

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COPY

July 3, 1974

F. H. Christopher, Jr.

The purpose of this memorandum is to answer the question "What causes smokers to select their first brand of cigarette?"

INTRODUCTION

The discussion which follows will cover the age at which people generally start smoking, their initial reasons for smoking, the brands they initially select for regular use and their reasons for selecting that brand.

For legal reasons, we have been unable to directly survey smokers under 18 years of age (as will be shown most smokers begin smoking regularly and select a usual brand at or before the age of 18). Therefore, much of our information is drawn from secondary sources and we have to hypothesize to a considerable extent as to what causes initial brand selection because no comprehensive study we know of has directly addressed this issue.

STARTING AGE

Over 50% of men smokers start smoking fairly regularly before the age of 18 and virtually all start by the age of 25. Women tend to begin smoking at a slightly older age. Here is a brief summary table; a more complete age distribution is attached (Table I).

	MEN %	WOMEN %
Age Started Smoking:		
17 & Under	54	33
18-20	30	34
21-24	11	15
25 & Over	5	18
Total	100%	100%
Median Age:	17	19

Source: Department of Health, Education, and Welfare.

DEPOSITION EXHIBIT 4 Tredennick 4-23-97

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STARTING AGE (Cont'd)

The incidence of smoking among people 16-24 years of age is 40%, according to the 1972 Yankelovich "Monitor". Within this age group, smoking incidence is 44% among men and 37% among women. Incidence of smoking increases in older age segments, peaking at 51% among people 35-49 years of age.

INITIAL REASONS FOR SMOKING

Published sources are consistent in identifying one or more of the following as the essential reasons for smoking cigarettes, at least initially:

-- Conformance

-- Support, to gain confidence or security in stress situation (often social)

-- Enjoyment, taste or other physiolcgical benefits (after an initial learning period)

-- To show off

Often more than one of these factors enter into a young person's decision to smoke and the reasons for a given individual are seldom clear cut and definitive. In addition, two less prevalent reasons are to rebel against authority (although a youth is most likely to smoke if his parents smoke), or to satisfy a "habit" which is developed from occasional smoking.

The following are brief elaborations on each of the major reasons for early smoking:

Conformance:

Probably the most prevalent reason that a young person starts to smoke is the influence of a close friend or "peers". One major study among youths showed that the best predictor of whether or not a young person smokes is to determine if he has a close friend who smokes. Peer group influence is very strong during the teen years. Men, particularly, report that smoking is symbolic of rugged masculinity and that they took up smoking because they wanted to impress and be accepted by other young men who smoked. Often the motivation is to be less the target of group aggression. Smoking is often a way to gain entree to a group by effecting an appearance of being mature, sophisticated, sexy or manly. However, with respect to peer group influence, it [illegible] whether smokers tend to form a group or whether [illegible] tends to permeate a group after it is formed on the basis of some other commonality (e.g., a common feeling of insecurity

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INITIAL REASONS FOR SMOKING (Cont'd)

Support:

Young smokers generally agree that they differ from non-smokers with respect to several personal characteristics. The most pervasive of these is thought to be "nervousness", which is typified by the need to do something with their hands. Smokers also view themselves to some extent as excessively verbal, extroverted and easily bored. Many young smokers report that they first became regular smokers at a time when a major transition occured in their life, such as going away to college or facing an educational or social crisis. These smokers frequently say that smoking at such times helps them to overcome stress either by bolstering their self-image (and how they are perceived by others), or physiologically, by relaxing or stimulating them.

Enjoyment:

Many young smokers, independent of group or other pressures, simply enjoy the taste and other physiological benefits of smoking, having tried smoking to see if they would enjoy it rather than for other reasons. The older a person is when he starts to smoke, apparently, the more likely "enjoyment" is his reason for smoking regularly. These smokers often associate smoking with specific occasions such as meals and work breaks. And of course a period of time is often necessary for an individual to acquire a taste for cigarettes to the point of full enjoyment.

To Show Off:

This reason shows up less frequently in the available literature and is really hard to separate from conformance or support. Often it is related to a need to project a tougher appearance than would otherwise be possible, or in the case of a young girl, to appear sexually precocious.

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F. H. Christopher, Jr.
Page 4
July 3, 1974

INITIAL BRAND SELECTION

Younger smokers are likely to select either Marlboro or Kool as their usual brand. These two brands enjoy a 50% share of users among smokers 18-20 years of age as contrasted to a 24% share of market among all smokers. The Company has not surveyed smokers under 18 years of age, but informal and secondary sources suggest even larger shares for Marlboro and Kool. Following is a brief summary of shares among smokers 18-20 years of age compared to shares among "all smokers". A more detailed table (Table II) appears in the appendix.

The third column of the table below shows brand shares among smokers 35-49 years old, a segment typical of older smokers. Among these older smokers, Winston and Salem are relatively strong brands as Marlboro and Kool drop off to shares of 11 and 5% respectively. Further perspective on brand shares among various age groups is provided by the attached trend charts.

	All Smokers %	Smokers 18-20 %	Smokers 35-49 %
Shares			
Normal Flavor Filters	44	53	35
Winston	15	12	12
Marlboro	14	34	6
Menthol Filters	26	35	26
Salem	9	9	10
Kool	10	17	5
Other Brands	30	12	39
Total	100	100	100

Source: RJR Comparative Sales ("All Smokers"); National Family Opinion Panel (smokers 18-20 and 35-49).

Young smokers initially are unlikely to select a non-filter brand or a low flavor brand. They tend to select between a menthol and non-menthol full-flavor cigarette in about the same proportion as do all smokers (1.5 non-menthol to 1 menthol). Further, young smokers are less likely than older smokers to select a 100mm cigarette. Share of total 100mm cigarettes is 15% among smokers 18-20 as contrasted to 22% among all smokers.

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F. H. Christopher, Jr.

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ONS FOR SELECTING A FIRST "USUAL" BRAND

have focused earlier on the age people begin to smoke, their
itial reasons for smoking and the brands they first select
ause that information helps us draw reasonable hypotheses
the absence of direct data regarding reasons for initial
and selection.

adly speaking, we hypothesize that the causes of initial
and selection relate directly to the reasons a young person
okes. The more closely a brand meets the psychological
pport" needs (advertising or otherwise communicated brand or
er image) and the physiological needs (product characteristics),
e more likely it is that a given brand will be selected.

e specific causes appear to be primarily:

-- The influence of a friend or peer group. This is particularly evident in the case of young women who quite often adopt the brand their husband or boyfriend smokes simply because it is more convenient.

While friends and spouses are quite influential in a young smoker's choice of brand, it appears that parents have very little influence on brand selection in today's environment. It used to be that a youngster would smoke regularly his parent's brand because it was the most readily available to him and he became accustomed to it. Today we find a parent's influence much less prevalent as young people have greater mobility and often steer away from the "trappings" of the older generation.

-- The user "image" that has become associated with a particular brand. To some extent young smokers "wear" their cigarette and it becomes an important part of the "I" they wish to be, along with their clothing and the way they style their hair.

-- The product characteristics a brand has or is perceived to have. Often these product characteristics simply reduce a smoker's field of choice (a longer cigarette for example).

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SONS FOR SELECTING A FIRST "USUAL" BRAND (Cont'd)

is true that smokers will say "a friend's influence" or liked that taste" (or both) when asked to recall why he ected his first regular brand rather than some other brand. it must also be true that influential young smokers (perhaps atively few) have made brand selections based on product aracteristics or advertising and promotion communication. fact that two brands, Marlboro and Kool have such dominate ares among youths suggests the above hypothesis and a look how these leading brands are perceived offers clues as to at causes initial brand selection in today's environment.

bles III and IV attached, show smokers' impressions (product d user images) of Winston, Marlboro, Salem, and Kool. These ta suggest that:

-- Marlboro is often selected initially because (a judgment) its advertising has consistently communicated a manly, tough confident user image and smoking characteristics consistent with this image. This image conforms closely with many young smokers need for "support" in stressful situations.

-- Kool is often selected initially because (also a judgment) its smoking characteristics make it appropriate for youths who feel that smoking a brand that is widely perceived as strong will satisfy their need for "support" There is also evidence from focus group research that Kool has product characteristics that make it more acceptable than other brands to people who use drugs, and to blacks.

MARY

a person is going to smoke cigarettes, he generally starts ring his teens, primarily to conform with a close friend or iends, to give himself greater confidence in stress situation, to avail himself or the physical enjoyment smoking offers. rrently a young smoker is much more likely to select Marlboro Kool than we would expect on the basis of these brands' erall franchise.

e main causes of initial brand selection; i.e., the influence friends, the user image a brand projects and differentiated duct characteristics, are logically related to the reasons young person begins to smoke.

RJR13305

D. W. Tredennick
Marketing Research Department

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TABLE I

AGE STARTED SMOKING

	MALES		FEMALES	
(Base)	% (1211)	CUM. %	% (918)	CUM. %
Under	9.8	9.8	2.7	2.7
	3.1	21.9	1.6	4.3
	7.8	20.7	2.8	7.1
	9.5	30.2	6.1	13.2
	12.7	42.9	10.8	24.0
	11.1	54.0	9.0	33.0
	14.9	68.9	14.8	47.8
	15.0	83.9	18.7	66.5
-20	10.6	94.5	14.7	81.2
-24	5.4	99.1	18.4	99.6
Over	.1	100.0	.4	100.0
.K.				
TOTAL	100.0		100.0	

How old were you when you started smoking cigarettes fairly regularly?

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Department of Health, Education, and Welfare, ... Use of Tobacco, 1970.

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TABLE II

SHARE OF MARKET AND SHARE OF YOUNG SMOKERS

	SHARE OF MARKET %	SHARE OF SMOKERS 18-20 YEARS OLD %
NORMAL FLAVOR FILTERS	43.9	53.1
Winston	15.3	11.5
Marlboro	13.9	33.8
Other Normal Flavor Filters[1]	14.7	7.8
MENTHOL FILTERS	26.2	35.3
Salem	8.7	8.7
Kool	10.1	16.8
Newport	0.8	-3.0
Other Menthol	6.5	6.8
LOW FLAVOR FILTERS[2]	17.2	9.3
NON-FILTERS	15.5	2.3
Total	102.8	100.0
(100mm cigarettes)[3]	22.0	14.5

[1] Includes: Raleigh, Viceroy, Benson & Hedges, L & M, Camel and others.

[2] Includes: Kent, Tareyton, Parliament, Lark, Vantage, True, Coral, and others. Also includes low flavor menthol brands cause total to add to more than 100%.

[3] Also included above.

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TABLE III

IMAGES OF WINSTON - MARLBORO

	WINSTON	MARLBORO	DIFF.
Likes outdoors/getting close to nature	21*	46	(25)
Brave/tough	21	41	(20)
Manly	25	44	(19)
Is largest selling brand	54	35	19
Daring/adventurous	21	36	(15)
Is a popular brand	68	58	10
A take charge person/ a leader	27	36	(9)
Convential reserved	21	15	6
Old fashioned	17	11	6
Independent/self reliant	25	30	(5)
Aggressive/ambitious	26	31	(5)
Is a strong smoke	24	29	(5)
Is flavorful - neither strong/light	28	24	4

*Reads: 21% of Non-Menthol Filter Smokers say that the Winston user "likes the outdoors/getting close to nature."

Source: RJR Use & Attitude Study (1974).

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Source: https://www.industrydocuments.ucsf.edu/docs/pgg10001

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TABLE IV

IMAGES OF SALEM - KOOL

	SALEM	KOOL	DIFF.
Has a lot of menthol	27*	55	(28)
Is a strong smoke	11	35	(24)
Has more menthol taste than tobacco	28	47	(19)
Has a light taste	23	12	11
Is a mild smoke	24	14	10
Is flavorful - neither strong/light	35	25	10
Brave/tough	10	20	(10)
Manly	13	23	(10)
Plain/like simple things	26	17	9
Old fashion	14	22	(8)
Sensitive/has feeling for others	24	17	7
Has refreshing menthol taste	41	34	7
Has little/light menthol	18	11	7

*Reads: 27% of Menthol Smokers say that the statement "has a lot of menthol" describes Salem.

Source: RJR Use & Attitude Study (1974).

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Source: https://www.industrydocumentslibrary.ucsf.edu/tobacco/pgg60001

DONALD W. TREDENNICK

537 Via Del Monte
Palos Verdes, CA 90274 213-375-1237

OBJECTIVE: Marketing Management -- Consumer Goods or Services.

QUALIFICATIONS: Broad experience and accomplishments in business planning, brand management, advertising, sales, direct marketing, promotion, and marketing research. Excellent analytical, problem solving and supervisory skills. An effective team member. Speak and write clearly and concisely. Give excellent presentations.

EARLY BACKGROUND: Father a career Army officer. Have traveled extensively in the U.S. and abroad. Secondary education at Saint Albans High School in Washington, D.C.

EDUCATION: B.S. degree in experimental psychology, Columbia University, New York, N.Y. Continuing education includes: Business Statistics (N.Y.U.); Problem solving and decision making (Kemper-Tregoe); Management styles (Drake Associates and the National Training Lab); Public speaking; Effective presentations.

EMPLOYMENT HISTORY:

Alfred Politz Research, Inc. New York, N.Y. 1957-1960

Started as a trainee in data processing. Writing and presenting skills led to a quick promotion to **Associate Project Director** on the Bristol-Myers account. Planned, designed, directed, analyzed and reported consumer research surveys. Had daily client contact. Left to join a former professor at Medical Economics.

Medical Economics, Inc. Oradell, N.J. 1960-1961

As **Assistant Research Director** with this leading publisher of business magazines for the medical profession, I worked closely with both the editorial and sales staffs to provide and profit from primary and secondary information. Planned and implemented readership studies for editorial feedback and for sales support, computerized compilation of the Physician's Desk Reference and developed an ad-page tracking system to improve sales results.

Here, and before at Politz, I had extensive exposure to Bristol-Myers management and was invited to join their organization.

Bristol-Myers Company New York, N.Y. 1961-1963

As **Brand Analyst** I planned and directed the marketing and sales research programs for BUFFERIN, EXCEDRIN, BAN and other proprietary drug and toiletry products. Reported to Director of Research and worked very closely with brand management to achieve business goals.

I married in 1962 and when offered a position with GF the next year, accepted to further my career and avoid a long commute.

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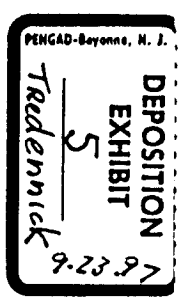

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General Foods Corporation White Plains, N.Y. 1963-1972

Joined GF as an associate marketing research manager, KOOL AID Division. Planned and directed the marketing research programs for household products. Promoted in 1966 to **Marketing Research Manager** responsible for department of 7 professionals, a budget over $1,000,000, and all research and forecasting for established (KOOL AID, S.O.S soap pads, GOOD SEASONS salad dressing) and new brands. Developed improved forecasting and new product tracking programs.

Promoted in 1968 to manage JELL-O Division marketing research. Directed a department of 21 people (mostly exempt) and a budget of $2,000,000. Was personally involved in profit planning and new product development, introduction and evaluation.

To gain functional and category breadth I moved in 1969 to the BIRDS EYE Division as **Senior Product Manager.** Consecutively had P & L accountability for COOL WHIP (sales of over $45,000,000 and support spending in excess of $4,000,000) and consolidated beverages (AWAKE, ORANGE PLUS and BIRDS EYE ORANGE JUICE), which totaled more than $25,000,000 in sales. Directed the activities of 4 product managers in support of advertising, promotion and pricing programs.

Led a cross-functional task force, reporting to the division President. We established long term development priorities and initiated a major acquisition.

I left GF for a better position with RJR in North Carolina.

R. J. Reynolds, Inc. Winston-Salem, NC 1972 to 1980

As **Group Brand Director,** RJR Foods, was responsible for the development and marketing of a $30,000,000 line of canned and frozen foods. Brands included CHUNG KING, PATIO frozen Mexican foods, VERMONT MAID syrup and MY-T-FINE pudding. Directed three Brand Managers; coordinated research and development efforts, working closely with manufacturing and sales departments.

Was asked in 1973 to direct an advertising evaluation which led to improved campaigns and higher market shares for WINSTON and SALEM cigarettes. As **Manager, Advertising and Promotion Research,** R. J. Reynolds Tobacco, I reported to the Director of Marketing Research and Development and was one of 3 senior managers directing the activities of 60 professionals charged with consumer research, management sciences (plans & forecasts) and new brand development. We worked as a team in support of all corporate functions and controlled a budget of over $20,000,000.

Reporting directly to me were 4 research managers (advertising, public affairs, merchandising, consumer promotion) and a direct marketing and telephone research company. I initiated programs for continuity sampling and couponing of cigarette brands, which resulted in profit gains of over $5,000,000. I left RJR in 1980 to relocate my family in Los Angeles.

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Communicus, Inc. Los Angeles, CA 1980-1981

As **Senior Partner** presented firm's advertising effectivenes research system to national advertisers and serviced current clients.

I left Communicus because the travel requirements were so much greater than I had anticipated.

Dailey & Associates Advertising Los Angeles, CA 1981-1983
Vice President, Director of Research and Marketing Services

As a broadly experienced marketing executive I contributed in three ways: I expanded billable Agency services by designing and directing marketing studies for clients; I developed marketing plans in consultation with clients and the account groups; and I participated in presentations for new business development.

I reported to the President, and worked closely with the four Management Supervisors responsible for client service. I had a department of 3 or 4 people, and directed outside suppliers.

My work with Western Cruise Lines, a client, led to a consulting relationship and subsequent employment.

Western Cruise Lines San Pedro, CA 1983-1985

Started with WCL as an advertising and research consultant. I got them into television advertising, which increased consumer awareness fourfold and generated a $3,000,000 operating profit. They had lost money the prior three years.

In the Fall of 1984 I accepted the position of **Director of Marketing** (the incumbent was promoted).

I directed the advertising agency, administering a budget of $2,000,000; initiated and controlled all the direct marketing, which was mostly targeted to past passengers; developed the marketing plan; established pricing based on space available; developed sales and consumer promotion strategies; directed the Public Relations agency; and presented operating results and plans at Board meetings.

My position with WCL was eliminated to reduce overhead. The marketing function was absorbed by the parent company, Eastern Cruise Lines, headquarted in Miami, Florida.

ADDITIONAL INFORMATION:

My salary has increased steadily throughout my career to slightly over $60,000 a year. I am in excellent health. My wife, Georgia and I have three children, all currently in college. We would be willing to relocate.

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July 3, 1975

Mr. Paul R. Ray, Jr.

Re: SALEM HEADLINE TESTS
(MRD # 75-0522 & 0495)

A series of nine alternate headlines were tested for a preliminary evaluation of their impact and persuasiveness.

1. The feeling is fresh, the taste is tobacco.
2. Revive your taste with Salem.
3. Refresh Yourself.
4. I get the country out of Salem.
5. Smoking. I found a way to enjoy it again.
6. Why smoke if you don't enjoy it.
7. Isn't it about time you enjoyed smoking again.
8. It's good to enjoy smoking again.
9. Maybe it sounds a little crazy, but I just started to enjoy smoking again.

This report will primarily deal with the three headlines that scored highest: "The feeling is fresh, the taste is tobacco" (Sailboat); "Revive your taste with Salem" (Revive); and "Why smoke if you don't enjoy it."

The more familiar "Refresh Yourself" and "I get the country" headlines had high immediate recall, but communicated a generic menthol message which was considered to be relatively unimportant.

Four of the headlines tested contained the word "again." These headlines were perceived as being aimed at smokers who had quit smoking. Due to this possible risk, these headlines were dropped from consideration.

Of the three high scoring headlines, "Revive your taste" had the more impactful headline.

IMMEDIATE HEADLINE RECALL

	SAILBOAT	REVIVE	WHY SMOKE
Total Recall	23%	54%	26%

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

When asked about the main point of the ads, respondents stated a generic menthol story for all three headlines. In addition, "Sailboat" also communicated tobacco taste and "Why Smoke" connoted Salem as a pleasurable, enjoyable smoke.

MAIN IDEA OF AD

	SAILBOAT	REVIVE	WHY SMOKE
	%	%	%
Fresh, refreshing	45	43	27
Cool taste	47	19	7
Tobacco taste	32	14	4
Revives taste	-	21	10
Pleasurable, enjoyment	5	15	30

Respondents felt that the pleasure, enjoyment idea in "Why Smoke" was a more important message.

IMPORTANCE OF MAIN IDEA
(% Extremely Important)

	SAILBOAT	REVIVE	WHY SMOKE
	%	%	%
Total	21	16	26
Salem Smokers	41	33	37
Other Menthol	22	16	33
Non-Menthol	10	9	18

To determine the uniqueness of the selling propositions, respondents were asked how different was the main idea from other cigarette claims. Results showed that all three claims were judged to be similar to other cigarettes.

DIFFERENCE OF MAIN IDEA
(% Extremely Different)

	SAILBOAT	REVIVE	WHY SMOKE
	%	%	%
Total	4	8	8
Salem Smokers	6	-	16
Other Menthol	2	12	5
Non-Menthol	4	9	7

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

Of the three headlines, "Why Smoke" appeared to be the best headline approach. It imparts the most important information: Salem is a refreshing cigarette that is enjoyable to smoke. Based on these results, the "Why Smoke" campaign is currently being prepared for national insertions.

Kay

Kay McCaffrey

KVM/nk

cc: Mr. J. H. Sherrill, Jr.
Mr. D. A. Cummins
Mr. J. T. Winebrenner
Mr. D. W. Tredennick
Mr. T. L. Ogburn
Mr. L. W. Hall, Jr.
Mr. R. M. Powers
Ms. Bonnie Kirby
Ms. Susan Holt

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Marketing Research Report

MRD #79-1352

May 23, 1990

1979 WINSTON/SALEM SAMPLING STUDY

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PUBLISHED BY THE MARKETING RESEARCH DEPARTMENT

R. J. REYNOLDS TOBACCO COMPANY, WINSTON-SALEM, N. C.

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PENCAD Corporation, N. J.

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I. EXECUTIVE SUMMARY

PERSPECTIVE

Based on the knowledge gained from the 1978 Corporate Sampling Study, the Promotion Department developed a Targeted Sampling Program which was implemented nationally in 1979 using all four styles of Winston and Salem as sampled brands. Other sampling techniques were also developed in an attempt to improve the effectiveness of this promotion tool. One of the techniques developed was Continuous Sampling, where sampling is conducted in a market for an extended period of time. This report presents findings from the Winston/Salem Targeted Sampling Program and the Continuous Sampling Program.

RESEARCH OBJECTIVES

The overall objectives of the research were:

- determine the effectiveness of Targeted and Continuous sampling in penetrating smokers
- determine the reach of the Targeted and Continuous Sampling programs
- determine the ability of the sampling technique to provide the correct brand to the various smoker categories
- determine the relative effectiveness (first time trial, follow-up purchase and conversion) of :1) the Continuous Sampling program for each of the sampled brands and various demographic segments; and 2) The Targeted Sampling program for high versus low development markets, each of the sampled brands, and various demographic segments. Also, compare the effectiveness of Continuous Sampling versus Targeted Sampling in the high BDI markets.
- determine the relative efficiency of the Targeted and Continuous Sampling programs.

KEY CONCLUSIONS

The major conclusions drawn from the research are as follows:

Market Penetration - Ability of the sampling technique to cover the markets

- Market penetration is low in both the Targeted and Continuous programs, primarily due to high levels of sample duplication.
- In order to achieve higher penetration, it is more effective to select specific market sectors and concentrate sampling there rather than attempt to penetrate an entire market.
- Penetration of a market is not significantly affected by market development (BDI) or city size.
- Results suggest that an optimum penetration level exists, with efforts to deliver samples to more than about one-third of the smoking population resulting in a decrease in efficiency.

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I. EXECUTIVE SUMMARY

(Continued)

Competitive Smoker Reach - Ability of the sampling technique to put samples into the hands of unduplicated competitive smokers

- Reach in the Continuous program is low due to very high levels of sample duplication, and is one-third the level of reach achieved in the Targeted program.
- Reach does not vary by market development (BDI)

Targeting Success

- Sampling all four styles of Winston and Salem is very successful in delivering samples to smokers in the appropriate category.
- Sampling all four styles of Winston and Salem provides protection for the full flavor styles against cannibalization by the lights styles.

Sampling Effectiveness

- The Continuous Sampling program is not significantly more effective than the Targeted (high BDI) sampling program in affecting sample recipients' purchase behavior (i.e., follow-up purchase and conversion).
- The high BDI markets are more effective than the low BDI markets in affecting sample recipients' purchase behavior. (The one exception is Salem, which obtained higher conversion in the low BDI markets and is believed to be a function of characteristics unique to the markets tested.)

Sampling Efficiency

- Targeted sampling is nearly three times as efficient as Continuous sampling in obtaining converters. This is due to both the higher cost per sample delivered and the lower level of competitive reach in the Continuous program.
- High BDI markets are somewhat more efficient than low BDI markets in obtaining converters. This is due to slightly higher levels of competitive reach and conversion in the high BDI markets.

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II. PURPOSE

The purpose of this document is to provide information on:

1) The relative effectiveness and efficiency of the Winston/Salem Targeted Sampling program in high versus low development markets.

2) The relative effectiveness and efficiency of sampling Winston and Salem over an extended period of time (Continuous Sampling).

3) The relative effectiveness of the above sampling techniques among various demographic segments.

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III. BACKGROUND

A. RJR SAMPLING EXPERIENCE

Until the execution of the Winston/Salem sampling program in 1979, RJR sampling was limited to the support of new brand introductions. These new brand sampling programs generally used mass intercept sampling of 4's. Research substantiated the effectiveness of new brand sampling (Camel Lights, Real) in generating trial among smokers.

B. CORPORATE SAMPLING STUDY LEARNING

Based on the potential observed for new brand sampling, a comprehensive study was conducted in 1978 to determine the effectiveness of sampling established brands. Results of this study were reported in June, 1979, although initial findings from the study were already influencing sampling planning decisions well before that time.

Results of the Corporate Sampling Study identified several ways in which to improve sampling effectiveness:

1. Sample 20's were significantly more effective and efficient than sample 4's.

2. Sampling effectiveness could be greatly improved by targeting samples to category smokers.

3. Sampling even older more established brands appeared to have some potential, especially among smokers with recent experience with the brand.

C. THE 1979 WINSTON/SALEM SAMPLING PROGRAM

Based on the knowledge gained from the Corporate Sampling Study along with management priorities placed on our brands at that time, the Promotion Department developed a Targeted Sampling Program which was implemented nationally in 1979 using Winston and Salem as the sampled brands. The program incorporated the primary learning from the Corporate Sampling Study and was designed so that samples:

1. Reached only smokers - The technique screened out non-smokers.

2. Provided significant product exposure - Sample 20's were used instead of 4's.

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III. BACKGROUND

(Continued)

C. THE 1979 WINSTON/SALEM SAMPLING PROGRAM (Continued)

3. Provided a product most suited to the smoker's preferred cigarette category. All styles of Winston and Salem were available providing menthol, non-menthol, full flavor, low tar, 85 and 100 mm products.

D. ALTERNATIVE SAMPLING TECHNIQUES

Along with the Targeted Sampling program, other sampling techniques were developed in an attempt to improve the effectiveness of this potentially valuable promotional tool. Two of the alternatives identified were:

1. Continuous Sampling
2. Door-To-Door Sampling

The Continuous Sampling program was designed to generate a continuing presence of a brand in a market, rather than a one-time distribution effort. Samples would be distributed over an extended period of time (6 months) in a market, by a variety of vehicles. Along with targeted intercept sampling, which served as the core distribution technique, other approaches were incorporated including:

1. Environmental Sampling
   - Discos
   - Night Clubs
   - Apartment Complexes
   - Bowling Alleys
2. Opportunistic Sampling
   - State Fairs
   - Sporting Events
   - Concerts
   - Flea Markets

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III. BACKGROUND

(Continued)

D. ALTERNATIVE SAMPLING TECHNIQUES (Continued)

The concept of Door-To-Door Sampling was to deliver samples to the home and present the best suited RJR product to the smoker based on their category preference. At the same time, this would provide an opportunity for a personalized selling message.

Research has been conducted or will be conducted on Targeted Sampling, Continuous Sampling and Door-To-Door Sampling to compare effectiveness and efficiency and assist in the overall development of successful sampling programs.

E. RECENT SAMPLING DEVELOPMENTS

Several recent events and subsequent management decisions have somewhat altered the direction of sampling programs. Two of the major forces affecting our sampling promotions are:

1. Retailers have become concerned that our 20's sampling efforts may be hurting their immediate sales.

2. The presence of sampling on a large scale has annoyed anti-smoking forces to the extent that new legislative measures are being considered.

Obviously, our sampling efforts were not intended to detract from retailers' business, nor were they designed to impact non-smokers. However, due to the far-reaching implications of these potential problems, management decided to modify our sampling procedures in order to avert any serious repercussions.

The primary changes in our sampling approach are as follows:

1. Sample size will be changed in most instances from 20's to 12's. Environmental sampling will still use 20's as will door-to-door delivery.

2. Sampling techniques will be executed to insure that minors and non-smokers will not be sampled.

3. Door-To-Door and other sampling techniques will be modified so as to minimize concern on the part of anti-smoking groups.

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IV. RESEARCH PERSPECTIVE

A. ORIGINAL RESEARCH PLAN

In May, 1979, a proposal was signed and a research study initiated to evaluate the relative effectiveness and efficiency of alternative sampling approaches, each distributing full pack 20's. Specifically, the three approaches to be researched were:

1. Winston/Salem Targeted Sampling
2. Winston/Salem Continuous Sampling
3. RJR Door-to-Door Sampling

In addition to a comparison of these techniques, several other objectives were to be addressed in the research including:

1. Effectiveness in high versus low development markets
2. Effect of city size on penetration
3. Comparative effectiveness of techniques in reaching young adults
4. Relative success of techniques in penetrating a market
5. Relative responsiveness of brands to alternative techniques

Final results of this study were scheduled to be available in May, 1980.

B. CURRENT RESEARCH PLAN

Due to events which have transpired since the inception of the research, some minor changes have been made with respect to the reporting of the results of the study.

Research on the first two legs of the study (Targeted Sampling and Continuous Sampling) is complete and results are reported in this document. Scheduled research on the Door-To-Door phase of the study has been altered due to uncertainty regarding the execution of this technique. The Promotion Department is currently working on ways to modify the program so that problems experienced in recent months can be eliminated. As soon as the approach has been finalized, research will begin, and a report incorporating all three techniques will be issued.

C. IMPACT OF RECENT DECISIONS ON RESEARCH

Although the programs implemented and tested in this research used sample 20's, results will still be valid in most cases when applied to other sample sizes, including 12's. Most of the research deals with relative effectiveness, and although levels of effectiveness and efficiency may not be transferrable, the comparisons of various aspects of the programs remain valid.

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V. RESEARCH OBJECTIVES

The objectives of the research presented in this report are restricted to the Winston/Salem Targeted Sampling program and the Continuous Sampling program. Results of the Door-To-Door Sampling leg will be reported at a later date.

The objectives of the research on Targeted Sampling and Continuous Sampling are as follows:

1. Determine the effectiveness of Targeted Sampling in penetrating smokers in
   - High versus low development markets
   - Large versus small markets
2. Determine the effectiveness of Continuous Sampling in penetrating smokers
   - At the beginning of the program versus the end
   - In a selected sector of the market where sampling was targeted to young adults
3. Determine the reach of the Targeted Sampling and Continuous Sampling programs in terms of their ability to get to
   - Style competitive smokers
   - Young adult smokers
4. Determine the ability of the Targeted Sampling and Continuous Sampling programs to provide the correct brand to the various smoker categories.

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V. RESEARCH OBJECTIVES
(Continued)

5. Determine the relative effectiveness of the Targeted Sampling program in terms of generating competitive first time trial, follow-up purchase and conversion for

   - High versus low development markets
   - Each of the sampled brands
   - Various demographic segments

6. Determine the relative effectiveness of the Continuous Sampling program in terms of generating competitive first time trial, follow-up purchase and conversion for

   - Each of the sampled brands
   - Various demographic segments

7. Determine the relative effectiveness of the Continuous versus Targeted (high BDI) sampling programs.

8. Determine the relative efficiency[1] of the Continuous Sampling program and the Targeted Sampling program in high versus low development markets.

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[1] Since sample 20's have been excluded from targeted sampling absolute efficiency of the program is no longer relevant.

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VI. RESEARCH DESIGN

A. TEST MARKETS

For the Targeted Sampling program, two sets of markets were selected, one set representing high development and the other low development markets. The three markets used to represent high development markets were chosen to reflect a range of BDI and a range of market size in terms of population. The two low BDI markets used were both relatively large markets which typically represented the weakest development for the brands tested.

For the Continuous Sampling program, one market was selected to represent a large, high BDI market.

	Test Markets		
	BDI*	SMSA Household Population (000's)	SMSA Total Population (000's)
TARGETED SAMPLING MARKETS			
High Development			
Chattanooga	157	155.2	396.6
Columbus	123	380.4	1082.1
Omaha	107	204.8	589.3
Low Development			
Boston	77	1375.5	3917.3
San Francisco	76	1299.0	3195.5
CONTINUOUS SAMPLING MARKET			
Dallas/Ft. Worth	113	953.9	2711.1

* Combined index of all sampled styles (Winston and Salem)

B. BRANDS TESTED

Consumers were offered a choice of any of the eight styles of Winston or Salem based on their specific category preference. The eight styles included in the test were:

Winston King	Salem King
Winston 100's	Salem 100's
Winston Lights 85	Salem Lights 85
Winston Lights 100	Salem Lights 100

C. DISTRIBUTION

The distribution methods included in the Targeted Sampling test were representative of those used in the execution of the national program. In general, two types of distribution techniques were employed:

1. Targeted intercept sampling in downtown areas and shopping malls
2. Environmental and opportunistic targeted sampling at sporting events, night clubs, restaurants, etc.

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VI. RESEARCH DESIGN

(Continued)

C. DISTRIBUTION (Continued)

The distribution methods included in the Targeted Sampling program were also used in the Continuous Sampling program. However, the Continuous Sampling program employed more extensive environmental and opportunistic sampling due to the opportunities available from being in one market for an extended period of time.

Research conducted in these phases do not address the relative effectiveness of these two distribution methods.

D. RESEARCH METHOD

1. Targeted Sampling

Research measuring smoker penetration involved the following:

a. Telephone interviews among smokers selected at random were conducted one week after the sampling program was completed to determine receipt of a sample, number of samples received (duplication), and sample use.

b. A random sample of 1000 smokers was interviewed in each of the three high development markets in order to measure relative penetration by market size. Boston was used to measure the penetration of a low BDI market.

Research on the effectiveness of targeted intercept sampling was executed as follows:

a. A random sample of sample recipients was intercepted directly following receipt and asked their name, telephone number and brand style received. This brief interview was done under the pretense that the sample distribution was being validated.

b. Four weeks following sample receipt, intercepted consumers were contacted by telephone to determine whether they recalled receiving the sample, what they did with the sample, their usual brand prior to receipt and purchase of the sampled brand since the sampling experience.

c. Twelve weeks after sample receipt, competitive smokers were recontacted to see if they had switched to the sampled brand.

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VI. RESEARCH DESIGN

(Continued)

D. RESEARCH METHOD (Continued)

2. Continuous Sampling

Research measuring smoker penetration was conducted three times during the Continuous Sampling test:

a. The first wave was conducted two weeks into the program, after the first downtown/mall delivery was complete. Interviews were conducted among 600 random smokers in the Dallas/Ft. Worth SMSA. These interviews were to provide a measure of initial penetration in the market.

b. The second wave was conducted at the mid-point of the program. During this time a relatively high concentration of environmental sampling targeted at young adults was conducted in a selected sector of Dallas, so interviews were conducted among 600 random smokers in this sector. This wave was designed to measure the penetration achieved via selected environmental sampling among the target group.

c. The third wave was conducted one week after the conclusion of sampling in the market. As in the first wave, interviews were conducted among 600 random smokers in the Dallas/Ft. Worth SMSA. These interviews were to provide a final estimate of penetration in the market as a whole.

Research on the effectiveness of Continuous Sampling was conducted in the same manner as in the Targeted Sampling test (See above). The only difference was that interviews in the Continuous Sampling test were conducted over a five month period of time.

3. Control

A no sample control (Cincinnati) was used to factor out purchase and conversion levels which would have occurred normally without the presence of the sampling program.

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VII. CONCLUSIONS

The following provides a summary of key conclusions on the Winston/Salem Targeted Sampling program and the Continuous Sampling program:

A. PENETRATION-ABILITY OF THE SAMPLING TECHNIQUE TO COVER THE MARKET

1. Overall, targeted sampling generates a relatively low level of penetration primarily due to high levels of sample duplication. The high level of duplication is most likely a result of the high value of a sample 20's pack.

2. Penetration of a market is not significantly affected by market development (BDI).

3. City size does not appear to affect the ability to penetrate a market, and therefore market size should not be a restrictive factor in selecting markets in which to sample.

4. Sampling over an extended period of time should not be used for the purpose of increasing market penetration over that which would be achieved in Targeted Sampling. Penetration in the Continuous Sampling market is low, and only doubled between the first week of the program and the end of the five months. As with the Targeted program, duplication is the primary cause of the relatively low levels of penetration.

5. In order to achieve higher penetration it is more effective to select specific market sectors and concentrate sampling there rather than attempt to penetrate an entire market (e.g., select market sectors which have a concentration of the target market for the sampled brand). The research indicates that Continuous Sampling which is concentrated in a selected sector of a market is able to achieve high penetration of that sector relative to the penetration achieved when the entire market is sampled continuously.

6. Results suggest that an optimum penetration level exists. Efforts to deliver samples to more than about one-third of the smoking population in a market result in a decrease in efficiency.

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VII. CONCLUSIONS

(Continued)

B. REACH - ABILITY OF THE SAMPLING TECHNIQUE TO PUT SAMPLES INTO THE HANDS OF UNDUPLICATED COMPETITIVE SMOKERS

1. Continuous sampling over a five month period results in a very high level of sample duplication which causes unduplicated competitive reach to be approximately one-third the level of reach found in Targeted sampling. Over 75% of the samples distributed in the Continuous program went to smokers who had already received a sample.

2. There is no significant difference in unduplicated competitive reach between high and low development markets. Although more usual brand smokers receive samples in high BDI markets, this is offset by higher duplication in the low BDI markets. This high duplication in the low BDI markets is believed to be a function of the type of markets in which RJR tends to be weak -- large metro markets where people aggressively seek to stock up on as many samples as they can get.

3. The Continuous Sampling program is able to reach young adult smokers at a level slightly higher than expected based on their percent of the market population, somewhat reflecting the concentration of sampling among young adults in the mid-portion of the program.

4. Reach among young adult smokers is greater in low BDI markets than in high BDI markets. This may be a function of the markets tested, which have a concentration of young adults (students) in the downtown area.

C. TARGETING SUCCESS - ABILITY OF THE SAMPLING TECHNIQUE TO PROVIDE THE CORRECT BRAND TO THE VARIOUS SMOKER CATEGORIES

1. The sampling technique is clearly successful in delivering samples to smokers in the appropriate category. For example, in the high BDI markets 90% of all non-menthol samples (Winston) went to non-menthol smokers. Nearly 75% of all menthol samples (Salem) went to menthol smokers.

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VII. CONCLUSIONS

(Continued)

C. TARGETING SUCCESS - ABILITY OF THE SAMPLING TECHNIQUE TO PROVIDE THE CORRECT BRAND TO THE VARIOUS SMOKER CATEGORIES (Continued)

2. Sampling all four styles of Winston and Salem provides protection for the full flavor styles against cannibalization by the lights. Only a small percentage of full flavor smokers opted to take a lights sample, thus preventing possible conversion to and switching out of the brand as witnessed in Lights-only couponing.

D. SAMPLING EFFECTIVENESS - ABILITY OF THE PROGRAMS TO GENERATE COMPETITIVE TRIAL, FOLLOW-UP PURCHASE AND CONVERSION

1. The Continuous Sampling program is not significantly more effective in impacting on sample recipients purchase behavior than the Targeted Sampling program. The Continuous program has somewhat higher first time trial than the Targeted program, which is reflective of its slightly lower BDI. Both programs have relatively low levels of follow-up purchase and conversion, with the Targeted program having somewhat higher follow-up purchase than the Continuous program for both Winston and Salem, and the Continuous program having somewhat higher conversion than the Targeted program for Salem, and equal conversion for Winston. The full flavor styles of both Winston and Salem perform better than the lights styles in both the Targeted and Continuous programs, suggesting there may still be opportunity for growth among the full flavor styles.

   There is, judgementally, an explanation for the Targeted Sampling program performing approximately as well as the Continuous Sampling program in generating conversion. The explanation is as follows: In the Targeted Sampling program, 42% of the smokers claimed they received one or more samples, versus 53% in the Continuous program. In addition, in the Continuous program, duplicated smokers received, on average, more samples than duplicated smokers in the Targeted program. However, duplicated smokers in the Targeted program were duplicated within a two week or less period of time, whereas in the Continuous program, duplicated smokers may have received their samples over a five month period of time. Thus, the Targeted program provided duplicated smokers with experience with the brand in a concentrated period of time, while the Continuous

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VII. CONCLUSIONS

(Continued)

D. SAMPLING EFFECTIVENESS - ABILITY OF THE PROGRAMS TO GENERATE COMPETITIVE TRIAL, FOLLOW-UP PURCHASE AND CONVERSION (Continued)

program likely provided the experience over an extended period of time. We know from previous research that conversion increases as product experience increases (e.g., sample 20's are more effective than sample 4,s). Therefore, it is reasonable to assume that a smoker is more likely to convert to a brand after smoking two packs in a short period of time (i.e., Targeted Sampling) than smoking three packs over an extended period of time (i.e., Continuous Sampling). This factor, then, is a likely cause of the small difference in effectiveness in the Continuous program versus the Targeted program.

2. In the Continuous and Targeted sampling programs, sampling is most effective among the age group in which the brand's franchise is concentrated (e.g., the over 35 age group for Winston), and most effective among the sex opposite of that in which the brand's franchise is concentrated (e.g., females for Winston). In both programs, the Winston samples are more effective in obtaining follow-up purchase and conversion among the 35 and over age group than among the under 35 age group, and more effective among males than females. Salem performs approximately the same in the under 35 age group as in the 35 and over age group, and performs somewhat better among males than females.

3. High BDI markets obtain higher follow-up purchase for both Winston and Salem and higher conversion for Winston than do the low BDI markets. The low BDI markets, however, obtained higher conversion to Salem than did the high BDI markets. The higher conversion to Salem is believed to be a function of characteristics unique to the markets tested.

4. In the low BDI markets, sampling is more effective among the under 35 age group than in the 35 and over age group, and more effective among the sex group in which the brand's current franchise is strong. In the high BDI markets, on the other hand, sampling is more effective among the age group in which the brand's franchise is strong and in the sex group in which the brand's franchise is weak.

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VII. CONCLUSIONS

(Continued)

E. SAMPLING EFFICIENCY - ABILITY OF THE PROGRAM TO ECONOMICALLY CONVERT COMPETITIVE SMOKERS

1. Targeted Sampling is nearly three times as efficient as Continuous Sampling in obtaining converters, due to both the higher cost per sample delivered and the lower level of competitive reach in the Continuous program.

2. High BDI markets reach competitive smokers and obtain follow-up purchasers and converters somewhat more efficiently than low BDI markets.

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VIII. DETAILED FINDINGS

A. SAMPLE PENETRATION

1. Overall Penetration

Averaged across all test markets, including high and low BDI markets as well as the Continuous Sampling market, actual penetration of the markets was relatively low. For the five markets tested, enough samples were distributed in each market to penetrate from 26% to 100% of the adult smokers. Actual penetration ranged from 6.4% - 10.4%, significantly below potential penetration.

ACTUAL SAMPLE PENETRATION
ACROSS ALL MARKETS

Market	Potential Penetration	Actual Penetration (% Of Adult Smokers Receiving Samples)
Omaha	26.0%	6.4%
Boston	31.6	6.4
Chattanooga	45.3	7.9
Columbus	62.8	10.4
Dallas/Ft. Worth(Final)	100.0%*	8.5

* Actually, enough samples were delivered to give every adult smoker an average of nearly 1.5 packs of cigarettes.

The primary reasons for the low level of penetration are duplication and sample receipt among non-smokers. Approximately 5% of the sample recipients were non-smokers while 45% or more of the sample recipients received more than one sample.

2. Penetration By Market Development

Market development does not appear to be a significant factor in terms of market penetration. Results suggest that percent of potential penetration achieved in low BDI and high BDI markets is about the same (16.7% for high BDI versus 20.3% for low BDI). Potential penetration achieved is based on actual penetration as a percent of potential penetration, as illustrated in the table below.

PENETRATION BY MARKET DEVELOPMENT

Markets	Samples Distributed	Adult Smoking** Population	Potential Penetration	Actual Penetration	% Potential Penetration Achieved
* High Development	219,000	444,903	49.2%	8.2%	16.7%
Low Development	502,800	1,591,687	31.6%	6.4%	20.3%

* Includes combined figures for all three high BDI markets.
** 30% of total population 18 and over.

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VIII. DETAILED FINDINGS

(Continued)

A. SAMPLE PENETRATION (Continued)

3. Penetration By Market Size

City size does not appear to affect the ability of the sampling technique to penetrate the market. Among the three high BDI markets tested, each of a different size, none appeared to gain any significant advantages or disadvantages due to population size. The table below illustrates the penetration by city size.

PENETRATION BY CITY SIZE

City	Samples Distributed	Adult Smoking Population	Potential Penetration	Actual Penetration	% Potential Penetration Achieved
Chattanooga	39,600	87,473	45.3%	7.9%	17.4%
Omaha	31,800	122,229	26.0	6.4	24.6
Columbus	147,600	235,201	62.8	10.4	16.6

The fact that city size does not determine penetration success lends credence to the comparison of the high versus low BDI penetration levels (city size differs by BDI in the test). In addition, results suggest a pattern in terms of the sampling technique's ability to penetrate markets.. For those markets where potential penetration is greater than 30% (samples delivered ÷ adult smoking population) efficiency seems to diminish. This would suggest that, in most cases, samples delivered beyond the 30% potential penetration level will be less efficient than those within the 30% limit.

4. Continuous Sampling Penetration

Penetration more than doubled over the five months of the Continuous Sampling program. The penetration achieved two weeks into the program was 3.7%, while penetration one week following the end of the five month program was 8.5%

CONTINUOUS SAMPLING PENETRATION OVER TIME

	Beginning Of Program	End Of Program	Percent Increase
Penetration	3.7%	8.5%	130%

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VIII. DETAILED FINDINGS

(Continued)

A. SAMPLE PENETRATION

4. Continuous Sampling Penetration (Continued)

While penetration doubled over the five months, it did not achieve nearly the level of penetration possible in the market. Enough samples were delivered over the five months to give every adult smoker nearly 1.5 packs of cigarettes. The program actually achieved only 8.5% of the potential penetration of 100%.

TOTAL CONTINUOUS PENETRATION

Samples Distributed	Adult Smoking* Population	Potential Penetration	Actual Penetration	% Potential Penetration Achieved
839,500	575,851	100.0%	8.5%	8.5%

* 30% of total population 18 and over.

5. Continuous Sampling Penetration in a Market Sector

The mid portion of the Continuous Sampling program concentrated in a sector of the Dallas/Ft. Worth market where there was a high concentration of young adults. The results indicate that the sampling program was able to more effectively penetrate this specific market sector than the total market. Penetration for this sector was 17.1%, versus 8.5% for the total market.

TOTAL MARKET VERSUS MARKET SECTOR PENETRATION

Total Market Penetration	8.5%
Market Sector Penetration	17.1%

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VIII. DETAILED FINDINGS

(Continued)

B. REACH

1. High versus Low Development Markets

Competitive smoker reach differed somewhat by market development. Of all samples delivered in high BDI markets, about 31.3% were smoked by unique competitive (non-style) smokers. The figure was 26.5% in low BDI markets. The following table shows that duplication is one of the major factors limiting competitive smoker reach. Although duplication may have some positive aspects (previous research shows that increasing sample size increases effectiveness), a duplication rate of 45-57% suggests that the reach of the sampling program could be approximately doubled if smokers could be limited to one sample.

SMOKER REACH - HIGH VS. LOW BDI
WINSTON/SALEM TARGETED SAMPLING

	High BDI	Low BDI
Duplication	45.5%	57.2%
Non-Smokers	5.6	4.9
Waste/Discards	5.9	5.3
Usual Brand	11.7	6.2
Competitive Smokers	31.3	26.5

As expected, usual brand smokers represent a higher percentage of sample recipients in the high BDI markets than in the low BDI markets (11.7% versus 6.2%). However, higher duplication in the low BDI markets offsets this difference. The difference in duplication between high and low BDI markets is believed to be a function of specific market characteristics. Namely, people in larger, more metropolitan markets seem to be somewhat more aggressive in seeking more than one sample.

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VIII. DETAILED FINDINGS

(Continued)

B. REACH

1. High versus Low Development Markets (Continued)

Non-smokers accounted for roughly 5% of the distributed samples in both high and low BDI markets. Actually, about 20% of the samples initially went to non-smokers; however, it is assumed that these non-smokers actually break into two groups: 1) Non-smokers or light smokers who passed the sample on to a smoker; 2) Light smokers who do not technically qualify as a smoker (i.e., to qualify they must have smoked within the past seven days and smoke at least one cigarette per day). The fact that consumers interpreted themselves to be smokers when asked by a sampler does not negate the success of this strategy. However, these light users do not constitute a substantial source of business and thus have been classified as non-smokers.

2. Reach Among Young Adult Smokers - High versus Low BDI Markets

In both high and low BDI markets, the percent of total reach among the under 35 age group is somewhat higher than the percent of total population under 35. This suggests that the sampling locations used have a somewhat better than average concentration of smokers under 35.

The low BDI market has considerably better reach among the under 35 age group due to the large number of students in that market (Boston) who are not counted in population estimates. The high level of reach in the low BDI market among the under 35 age group, then, is a function of the market itself and not the BDI level.

PERCENT OF SMOKER REACH BY AGE GROUP
HIGH VS LOW BDI
Winston/Salem Targeted Sampling

	HIGH BDI		LOW BDI	
	< 35	35+	< 35	35+
% Of Reach	47%	53%	54%	46%
% Of Population	45%	55%	41%	59%

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

B. REACH (Continued)

3. Continuous Sampling Reach

Competitive smoker reach of the Continuous program four weeks after sampling began was, as expected, very similar to the high and low BDI markets' reach (see previous section). However, at the end of the five month sampling program (which is the measure of the total program's reach), competitive smoker reach dropped drastically, due to very high levels of duplication: three-quarters of all samples delivered in the Continuous Sampling market went to smokers who had already received a sample.

SMOKER REACH-CONTINUOUS

	Beginning Of Program	End Of Program
Duplication	37.8%	76.9%
Non-Smokers	5.6	2.5
Waste/Discards	6.3	2.9
Usual Brand	16.1	4.8
Competitive Smokers	34.2	12.8

4. Continuous Sampling Reach Among Young Adult Smokers

The percent of total reach among the under 35 age group is slightly higher than the percent of total population under 35. Thus, the program did slightly better in reaching young adults than would be expected based on their population.

PERCENT OF SMOKER REACH BY AGE GROUP
CONTINUOUS SAMPLING MARKET

	< 35	35+
% of Reach	47%	53%
% of Population	46	54

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS
(Continued)

C. TARGETING SUCCESS

1. Targeting to Category Smokers

The targeted sampling approach was highly successful in delivering the appropriate brand style to smokers of various categories. As the following table demonstrates, the majority of samples went to smokers of the specific brand category. For example, 52% of all Winston Full Flavor samples went to full flavor non-menthol smokers. Almost 90% of the Winston samples (Full Flavor and Low Tar) were delivered to non-menthol smokers. For Salem, about 75% of the samples went to menthol smokers, the difference representing a higher degree of occasional use of menthol products by non-menthol smokers. Results for the Continuous Sampling market are very similar, and are provided in Appendix C.

TARGETING SUCCESS
HIGH BDI MARKETS

	Category Of Usual Brand Of Sample Recipients			
	Non-Menthol		Menthol	
Sample Delivered (Category)	Full Flavor	Low Tar	Full Flavor	Low Tar
Winston (Full Flavor)	52%	26%	7%	3%
Winston (Lights)	28	61	5	4
Salem (Full Flavor)	11	8	50	25
Salem (Lights)	8	19	31	38

2. Samples to Brand Family Smokers

One of the potential dangers of a brand family sampling program is the risk of switching the brand's own smokers to another style of the brand. This problem was identified in coupon experiences which showed that family couponing helped protect the parent brand from cannibalization by its lights spinoffs. Results suggest that the same holds true for family sampling. A relatively small percentage of smokers took a sample style different from their usual brand.

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http://legacy.library.ucsf.edu/docs/pggl0001
Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

C. TARGETING SUCCESS

2. Samples to Brand Family Smokers (Continued)

Observations based on the data illustrated in the table below and the table on the following page include:

- Winston King smokers are more likely to try another style than are any other Winston or Salem smoker. The Winston King smokers are most likely to try Winston 100, perhaps because the perceived value of the 100mm style is greater than that of the 85mm style.
- Winston Lights smokers (both styles) and Salem King smokers are least likely to try another style, and when they do, they are most likely to take a 100mm style, again because of the perceived value of 100mm cigarettes.
- In nearly all cases when a 100mm style smoker trys a style other than his usual one, he is likely to take the other 100mm style (e.g., a Full Flavor 100mm smoker tries a Light 100mm style). Conversely, when a 85mm style smoker selects a different style, it is usually a 100mm style, too. Thus, most style trial switching is to the 100mm styles.

Again, the results for the Continuous Sampling market are similar, and are provided in Appendix D.

SAMPLE RECEIPT AMONG FAMILY SMOKERS
HIGH BDI MARKETS

% Of Samples Delivered to Other Style Smokers	WINSTON			
	Winston King	Winston 100	Winston Lt. 85	Winston Lt. 100
Winston King	-	2%	1%	1%
Winston 100	9%	-	4	5
Total Full Flavor	4	1	2	3
Winston Lights 85	6	4	-	3
Winston Lights 100	4	5	3	-
Total Lights	5	4	2	1
Total Winston	4	3	2	2

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Source: https://www.industrydocuments.ucsf.edu/docs/pgg10001

VIII. DETAILED FINDINGS

(Continued)

C. TARGETING SUCCESS

2. Samples to Brand Family Smokers (Continued)

SAMPLE RECEIPT AMONG FAMILY SMOKERS
HIGH BDI MARKETS

% Of Samples Delivered to Other Style Smokers	SALEM			
	Salem King	Salem 100	Salem Lts. 85	Salem Lt. 100
Salem King	-	6%	4%	1%
Salem 100	4%	-	2	7
Total Full Flavor	2	3	3	4
Salem Lights 85	3	3	-	3
Salem Lights 100	3	4	3	-
Total Lights	3	4	2	1
Total Salem	2	3	3	3

3. Effects of Targeting Success

Although sampling effectiveness (follow-up purchase and conversion) is discussed in a later section, it may be beneficial to address here a question which will certainly arise. Results from the mass sampling study indicated that samples were more effective (that is, follow-up purchase was higher) among smokers who received a sample in their preferred category. This finding, of course, led to targeted sampling. The question of how effective each style was within its own category of smokers versus some other category cannot be answered in this research. The reason is that smokers were given a choice of brands in virtually every category, so few smokers received a sample outside their preferred category, making a comparison impossible. Measures of effectiveness, therefore, must center on the entire program, not a single style.

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

1. Targeted versus Continuous Sampling

First time trial was somewhat higher in the Continuous market than in the Targeted markets.* While follow-up purchase was greater in the Targeted markets than in the Continuous market, conversion in the Continuous market was as high for Winston and higher for Salem than conversion in the Targeted markets.

Conversion was high relative to follow-up purchase in the Continuous market due to high levels of conversion among smokers who did not claim to have made a follow-up purchase four weeks after sample receipt.

EFFECTIVENESS OF

CONTINUOUS VERSUS TARGETED SAMPLING

NET-TEST MINUS CONTROL

	TOTAL PROGRAM		TOTAL WINSTON		TOTAL SALEM	
	Continuous	Targeted	Continuous	Targeted	Continuous	Targeted
First Time Trial	41.1%	38.0%	45.0%	42.2%	36.6%	31.9%
Follow-up Purchase	5.7	9.4	4.6	7.4	6.9	11.7
Conversion	4.9	3.8	4.6	4.7	5.1	2.5

* The Targeted markets referred to in this section are the high BDI markets.

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

1. Targeted versus Continuous Sampling (Continued)

a. First time trial was slightly higher in the Continuous Sampling market than the Targeted Sampling market for all of the 85's styles and Salem Lights 100's, while the Targeted Sampling market had somewhat higher first time trial for the remaining 100's styles. These levels are reflective of the fact that the Continuous Sampling market is relatively highly developed in the 100mm+ category, leading to lower first time trial on those styles.

COMPETITIVE FIRST TIME TRIAL

CONTINUOUS VERSUS TARGETED SAMPLING

	Continuous		Targeted	
Winston King	24.1%		23.9%	
Winston 100	36.6		36.7	
Winston Lights 85	54.9		45.4	
Winston Lights 100	57.6		59.8	
TOTAL Winston		45.0%		42.2%
Salem King	28.0		20.2	
Salem 100	24.6		26.7	
Salem Lights 85	44.4		39.2	
Salem Lights 100	47.5		40.2	
TOTAL Salem		36.6%		31.9%

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

1. Targeted versus Continuous Sampling (Continued)

b. Follow-up Purchase

The Targeted Sampling markets had higher follow-up purchase than the Continuous Sampling market for every style except Salem King. Winston 100 was the only other style which obtained good follow-up purchase in the Continuous market relative to the Targeted markets.

FOLLOW-UP PURCHASE

CONTINUOUS VEPSUS TARGETED SAMPLING

NET-TEST MINUS CONTROL

	Continuous		Targeted	
Winston King	.3%		2.7%	
Winston 100	10.2		10.9	
Winston Lights 85	3.9		8.7	
Winston Lights 100	4.2		7.9	
TOTAL Winston		4.6%		7.4%
Salem King	10.7		7.1	
Salem 100	8.0		14.2	
Salem Lights 85	6.1		14.6	
Salem Lights 100	4.5		11.2	
TOTAL Salem		6.9%		11.7%

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

1. Targeted versus Continuous Sampling (Continued)

c. Conversion

Conversion in the Continuous market was higher than conversion in the Targeted markets for all styles except Winston Lights. The Continuous and Targeted markets both had higher conversion among the full flavor styles than among the lights styles, suggesting there may still be opportunities for growth among the full flavor brands.

CONVERSION

CONTINUOUS VERSUS TARGETED SAMPLING

NET-TEST MINUS CONTROL

	Continuous		Targeted	
Winston Full Flavor	6.0%		4.7%	
Winston Lights	3.5		4.6	
TOTAL Winston		4.6%		4.7%
Salem Full Flavor	6.3		3.0	
Salem Lights	4.1		2.0	
TOTAL Salem		5.1%		2.5%

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

1. Targeted versus Continuous Sampling (Continued)

d. Effectiveness by Demographics

For all age groups, first time trial was slightly higher in the Continuous market than in the Targeted markets. In both sets of markets, first time trial was higher among the 35 and over age group than in the under 35 age groups.

In almost all age groups, follow-up purchase was higher in the Targeted markets than in the Continuous markets. However, in most age groups, conversion was greater in the Continuous markets than in the Targeted markets. In both sets of markets, Winston performed better among the 35 and over age group than in the under 35 age groups, while Salem performed approximately the same among all age groups.

EFFECTIVENESS BY AGE

TARGETED VERSUS CONTINUOUS SAMPLING MARKETS

TRIAL, FOLLOW-UP PURCHASE AND CONVERSION

NET-TEST MINUS CONTROL

	Targeted			Continuous		
	Under 30	Under 35	35+	Under 30	Under 35	35+
TOTAL WINSTON						
First Time Trial	36.0%	36.2%	46.6%	39.2%	40.0%	49.0%
Follow-up Purchase	4.0	6.8	7.8	5.8	4.4	4.5
Conversion	2.7	4.0	5.2	1.5	2.4	6.3
TOTAL SALEM						
First Time Trial	23.8%	27.1%	37.0%	33.9%	33.8%	39.3%
Follow-up Purchase	10.0	11.0	12.5	6.7	7.5	6.2
Conversion	2.9	2.1	2.9	5.0	4.7	5.1

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

1. Targeted versus Continuous Sampling (Continued)

d. Effectiveness by Demographics (Continued)

By sex, first time trial was slightly higher in the Continuous market than in the Targeted markets among both males and females, with females having somewhat higher first time trial than males for both Winston and Salem.

In both the Continuous and Targeted markets, follow-up purchase and conversion for Winston was greater among females than males; conversely, follow-up purchase and conversion for Salem was higher among males than females.

EFFECTIVENESS BY SEX

TARGETED VERSUS CONTINUOUS SAMPLING MARKETS

TRIAL, FOLLOW-UP PURCHASE AND CONVERSION

NET-TEST MINUS CONTROL

	Targeted		Continuous	
	Males	Females	Males	Females
TOTAL WINSTON				
First Time Trial	36.1%	48.6%	41.1%	49.3%
Follow-up Purchase	5.3	9.7	4.9	4.2
Conversion	3.6	5.9	3.7	5.6
TOTAL SALEM				
First Time Trial	32.7%	31.3%	35.6%	37.4%
Follow-up Purchase	13.3	10.6	7.7	6.0
Conversion	3.2	1.9	6.5	4.0

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS (Continued)

2. High versus Low Development Markets

First time trial was, as expected, higher in the low BDI markets than in the high BDI markets. However, in most cases the high BDI markets obtained higher levels of follow-up purchase and conversion than the low BDI markets. The exception was Salem, which obtained greater conversion in the low BDI markets than in the high BDI markets. A number of factors affected the higher conversion to Salem in the low BDI markets, and these are disussed in a following section.

EFFECTIVENESS OF TARGETED SAMPLING

HIGH VERSUS LOW BDI MARKETS

NET - TEST MINUS CONTROL

	Total Program		Total Winston		Total Salem	
	High BDI	Low BDI	High BDI	Low BDI	High BDI	Low BDI
First Time Trial	38.0%	42.3%	42.2%	46.1%	31.9%	36.0%
Follow-up Purchase	9.4	5.5	7.4	4.1	11.7	6.8
Conversion	3.8	3.3	4.7	2.1	2.5	4.7

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

2. High versus Low Development Markets (Continued)

a. First Time Trial

On a style basis, first time trial was greater in the low BDI markets for every style except Winston King. As would be anticipated, first time trial is inversely related to brand share -- the higher the share the lower first time trial. In addition, first time trial is related to the number of competitive brands in a category -- Salem, with few competitive brands, obtained lower first time trial than Winston. The following table illustrates the comparison of first time trial between high and low BDI markets by style.

COMPETITIVE FIRST TIME TRIAL

HIGH VERSUS LOW BDI MARKETS

	High BDI		Low BDI	
Winston King	23.9%		22.2%	
Winston 100	36.7		46.1	
Winston Lights 85	45.4		53.3	
Winston Lights 100	59.8		62.7	
Total Winston		42.2%		46.1%
Salem King	20.2		27.3	
Salem 100	26.7		30.7	
Salem Lights 85	39.2		42.2	
Salem Lights 100	40.2		48.2	
Total Salem		31.9%		36.0%

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

2. High versus Low Development Markets (Continued)

b. Follow-up Purchase

For every style tested, follow-up purchase was greater in the high development markets than in the low BDI markets. As the table below shows, only the Lights 100 styles are close to parity across markets.

FOLLOW-UP PURCHASE

HIGH VERSUS LOW BDI MARKETS

NET - TEST MINUS CONTROL

	High BDI		Low BDI	
Winston King	2.7%		2.2%	
Winston 100	10.9		4.5	
Winston Lights 85	8.7		2.2	
Winston Lights 100	7.9		8.0	
TOTAL Winston		7.4%		4.1%
Salem King	7.1		4.2	
Salem 100	14.2		4.6	
Salem Lights 85	14.6		6.0	
Salem Lights 100	11.2		11.0	
TOTAL Salem		11.7%		6.8%

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

2. High versus Low Development Markets (Continued)

c. Conversion

Conversion to Winston, both full flavor and Lights, was over twice as high in the high BDI markets as in the low BDI markets. Conversion to Salem, however, was nearly twice as great in the low BDI markets as in high BDI markets. Salem Full Flavor did particularly well in the low BDI markets, having a higher rate of conversion than any other Salem and Winston styles in both the high and low BDI markets.

CONVERSION

HIGH VERSUS LOW BDI MARKETS

NET - TEST MINUS CONTROL

	High BDI		Low BDI	
Winston Full Flavor	4.7%		2.0%	
Winston Lights	4.6		2.3	
TOTAL Winston		4.7%		2.1%
Salem Full Flavor	3.0		6.0	
Salem Lights	2.0		3.5	
TOTAL Salem		2.5%		4.7%

There are a number of factors that may be contributing to the higher level of conversion to Salem in the low BDI markets. These factors include the following:

1) A majority of converters to Salem in the low BDI markets are former smokers of other styles of Salem (65% for Salem Full Flavor, 50% for Salem Lights), whereas there is a much smaller percent intra-brand switching in the high BDI markets (35% for Full Flavor, 33% for Lights). When other Salem smokers are omitted, conversion is the same in high and low BDI markets (2.7%, not netted), thus bringing the low BDI markets into line with the high BDI markets.

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

2. High versus Low Development Markets

c. Conversion (Continued)

2) The low BDI markets have a low menthol category development, while the high BDI markets are average. The low BDI markets, in turn, obtained a higher percent of non-menthol smokers switching to Salem, raising overall conversion and also suggesting that sampling is a potential means of developing an underdeveloped category.

3) The low BDI markets have a greater self-selection process at the point of sampling, particularly for Salem, than the high BDI markets (the index of "percent usual brand smokers ÷ by share of market" for Salem was 676 in high BDI markets versus 885 in low BDI markets). This suggests that the people who did stop to receive a Salem sample in the low BDI markets had a somewhat higher interest in the brand than those in the high BDI markets, which may then have affected switching levels.

4) The low BDI markets had a much higher proportion of latins, orientals, spanish and other races receiving a Salem sample than did high BDI markets (16.2% versus 1.7%). This group of recipients in turn made follow-up purchases at a greater rate than the overall sample recipients (they accounted for 19.0% of the follow-up purchasers in the low BDI markets versus .7% in the high), and thus probably had greater rates of conversion. The overall larger number of this group in the low BDI may then have been a factor in raising total conversion to Salem.

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

2. High versus Low Development Markets (Continued)

d. Effectiveness by Demographics

For both high and low BDI markets, and both Winston and Salem, first time trial was higher among the 35 and over age group than the under 35 age group. In addition, first time trial was greater for both brands and all age groups in the low BDI markets than in the high BDI markets, as expected due to lower shares in the low BDI markets.

In terms of follow-up purchase and conversion, both Winston and Salem performed better in the 35 and over age group than in the under 35 age group in the high BDI markets. However, in the low BDI markets, Winston performed better in the under 35 age group than in the 35 and over age group; Salem, while obtaining greater follow-up purchase among the older age group, had greater conversion in the younger age group, particularly among the under 30 group. Thus, it appears that the greatest opportunity in the low BDI markets is among the younger age groups, and in the high BDI markets among the older age groups.

EFFECTIVENESS BY AGE
HIGH VERSUS LOW BDI MARKETS
TRIAL, FOLLOW-UP PURCHASE AND CONVERSION
NET-TEST MINUS CONTROL

	High BDI			Low BDI		
	Under 30	Under 35	35+	Under 30	Under 35	35+
TOTAL WINSTON						
First Time Trial	36.0%	36.2%	46.6%	37.0%	40.2%	52.2%
Follow-up Purchase	4.0	6.8	7.8	4.8	4.9	3.7
Conversion	2.7	4.0	5.2	2.4	2.6	1.8
TOTAL SALEM						
First Time Trial	23.8%	27.1%	37.0%	30.7%	32.7%	43.8%
Follow-up Purchase	10.0	11.0	12.5	6.0	5.2	7.3
Conversion	2.9	2.1	2.9	5.8	5.1	4.3

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

D. SAMPLING EFFECTIVENESS

2. High versus Low Development Markets

d. Effectiveness by Demographics (Continued)

The low BDI markets obtained higher first time trial among both males and females for both Winston and Salem, than did the high BDI markets. Ir both the high and low BDI markets, Winston had higher first time trial among females than males, while Salem had slightly higher first time trial among males than females, which reflect the franchises of the brands.

The high BDI markets had higher follow-up purchase and conversion among both males and females for Winston than the low BDI markets. However, while the high BDI markets had higher follow-up purchase for Salem among males and females than the low BDI markets, the low BDI markets had higher conversion to Salem.

Overall, it appears that the best opportunities in the high BDI markets are Winston among female smokers and Salem among male smokers, while in the low BDI markets the best opportunities are Winston among male smokers and Salem among both male and female smokers.

EFFECTIVENESS BY SEX
HIGH VERSUS LOW BDI MARKETS
TRIAL, FOLLOW-UP PURCHASE AND CONVERSION
NET-TEST MINUS CONTROL

	High BDI		Low BDI	
	MALES	FEMALES	MALES	FEMALES
TOTAL WINSTON				
First Time Trial	36.1%	48.6%	39.9%	54.9%
Follow-up Purchase	5.3	9.7	3.7	5.2
Conversion	3.6	5.9	2.3	1.6
TOTAL SALEM				
First Time Trial	32.7%	31.3%	38.4%	36.8%
Follow-up Purchase	13.3	10.6	4.8	7.4
Conversion	3.2	1.9	5.3	4.3

NOTE: Follow-up purchase of Salem among males in the low BDI markets was higher than conversion due to a high percentage of converters who had made a follow-up purchase four weeks out.

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

VIII. DETAILED FINDINGS

(Continued)

E. SAMPLING EFFICIENCY

Because sample 20's will no longer be used in targeted sampling, the efficiency of the Winston/Salem Targeted Sampling program and the Continuous Sampling program in themselves are not meaningful. However, efficiency has been calculated for the purpose of evaluating the relative efficiency of high BDI markets versus low BDI markets versus the Continuous market.

The table below illustrates that high BDI markets reach competitive smokers and generate follow-up purchasers and converters more efficiently than low BDI markets, primarily due to the greater reach of the high BDI markets. The Continuous market obtained converters considerably less efficiently than the targeted markets, due to both the higher cost per sample delivered and the lower level of competitive smokers reached.

SAMPLING EFFICIENCY
HIGH BDI VERSUS LOW BDI VS CONTINUOUS

	HIGH BDI		LOW BDI		CONTINUOUS	
	#	Cost/Per	#	Cost/Per	#	Cost/Per
Samples Delivered (Hypothetical)	1000	$ 746	1000	$ 746	1000	$ 1,130
Competitive Smokers Reached	314	2.38	266	2.80	128	8.83
Follow-up Purchasers	28	26.64	15	49.73	7	161.43
Converters	12	62.17	9	82.89	7	161.43

NOTE: Cost per sample delivered includes both product and delivery costs.

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

IX. APPENDIX

A. SAMPLE RECEIPT

B. ATTITUDES TOWARD TARGETED SAMPLING

C. TARGETING SUCCESS - CONTINUOUS SAMPLING MARKET

D. SAMPLE RECEIPT AMONG FAMILY SMOKERS - CONTINUOUS SAMPLING MARKET

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

APPENDIX A.

SAMPLE RECEIPT

Approximately 85% of the high and low BDI sample recipients who recalled the sample reported that they received the sample downtown; conversely, only about 44% of the Continuous Sampling recipients said they received the sample downtown (See Exhibit I for details). Over 35% of the Continuous Sampling recipients received the sample at shopping centers or malls, and almost 20% received the sample at an outdoor activity, concert, sporting event, etc. These percentages reflect the ability of an extended sampling program to sample at a wide variety of locations, particularly at special events such as concerts, which are opportunities that are limited when a sampling program lasts only several days, as in targeted sampling.

In the high and low BDI markets, each sample recipient received an average of about two samples; in the Continuous Sampling market, each recipient received an average of nearly three samples. These high rates of duplication are the major cause of the low levels of smoker reach and penetration in the sampled markets, particularly in the Continuous Sampling market. (See Exhibit II for details.)

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

EXHIBIT I

HIGH BDI, LOW BDI AND CONTINUOUS

WHERE SAMPLE WAS RECEIVED

Base = Total Original Sample Recipients	WHERE SAMPLE WAS RECEIVED		
	HIGH BDI	LOW BDI	CONTINUOUS
Downtown	83.7%	87.3%	43.6%
Shopping Center/Mall	7.0	9.5	35.5
Restaurant/Night Club	3.4	.7	.8
Outdoor Activity/Concert/ Sporting Event	4.6	.1	19.2
Other	1.1	2.0	.6
Don't Know	.2	.4	.3

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

EXHIBIT II

HIGH BDI, LOW BDI AND CONTINUOUS

NUMBER OF SAMPLES RECEIVED

Base = Total Sample Recipients	NUMBER OF PACKS RECEIVED		
	HIGH BDI	LOW BDI	CONTINUOUS
Packs Received			
1	58%	55%	47%
2-5	39	40	43
6-9	2	3	5
10+	1	2	5
Average	1.9	2.0	2.8

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http://legacy.library.ucsf.edu/ Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

APPENDIX B.

ATTITUDES TOWARD TARGETED SAMPLING

The sampling experience was viewed favorably by most sample recipients in all three sampling programs (i.e., high BDI, low BDI and Continuous). Approximately 90% of the sample recipients in all three programs made favorable comments about the experience. Sample recipients in the low BDI markets, however, had a somewhat higher percentage of unfavorable comments (25.5%) than did recipients in the high BDI markets (21.5%) and the Continuous market (only 16.8%). The prime complaints in the low BDI markets were that non-smokers and minors got samples, and that there were too many people around the sampling locations. These complaints may be a function of the type of markets included in the low BDI test -- large markets where smokers were aggressively seeking samples, thus crowding the locations, and a market where there was a high concentration of students (Boston) who may have been viewed by others as minors. (See Exhibit I for details).

In all three programs, both the distribution method and the samplers were rated highly. There were no significant differences in the ratings for the three programs. (See Exhibits II and III.)

Across all markets, approximately 70% of the respondents said they received the brand they wanted. In most cases, the Lights styles recipients responded somewhat more often that they received the desired brand than did the Full Flavor styles recipients. (See Exhibit IV for details.)

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

EXHIBIT I

HIGH BDI, LOW BDI AND CONTINUOUS

ATTITUDES TOWARD SAMPLING EXPERIENCE

Base = Total Original Sample Recipients	ATTITUDES TOWARD SAMPLING EXPERIENCE HIGH BDI	LOW BDI	CONTINUOUS
Favorable Comments	92.2%	90.2%	88.9%
Courteous/Friendly People	52.2	51.5	53.4
Not Pushy/Let You Decide Brand	19.6	12.4	13.3
Good Location	7.6	5.6	3.6
Variety of Brands	7.2	7.8	4.2
Gave Full Pack	6.3	7.2	3.9
Opportunity to Try New Brand	3.7	2.9	2.3
Made Sure You Got Right Brand	1.8	1.4	2.2
Other*	58.8	56.5	38.6
Unfavorable Comments	21.5	25.5	16.8
Didn't Give My Brand	1.9	1.3	2.4
Took Too Long	1.7	1.2	.5
There Were Too Many People	1.8	2.6	1.5
Didn't Screen/Non-Smokers and Minors Got Then	.9	3.2	.8
Asked Too Many Questions	.9	.9	.5
Gave More Than One Pack To Some	.8	.7	.4
Not Much To Choose From	.6	.4	.9
Other*	6.3	10.3	6.8

*More than one response possible per person.

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

EXHIBIT II

HIGH BDI, LOW BDI AND CONTINUOUS

ATTITUDES TOWARD DISTRIBUTION METHOD

Base = Total Original Sample Recipients	ATTITUDES TOWARD DISTRIBUTION METHOD HIGH BDI	LOW BDI	CONTINUOUS
RATING			
10	59.6%	51.9%	61.2%
6-9	33.4	38.1	30.3
2-5	6.2	8.7	7.3
1	.8	1.3	1.2
Average	8.9	8.6	8.9

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

EXHIBIT III

HIGH BDI, LOW BDI AND CONTINUOUS

ATTITUDES TOWARD SAMPLERS

Base = Total Original Sample Recipients	ATTITUDES TOWARD SAMPLERS		
	HIGH BDI	LOW BDI	CONTINUOUS
Very Favorable	83.1%	76.7%	82.1%
Somewhat Favorable	16.3	21.7	16.2
Somewhat Unfavorable	.4	1.0	1.1
Very Unfavorable	.2	.6	.6

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http://legacy.library.ucsf.edu/tid/vjn07a00/pdf

Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

EXHIBIT IV

HIGH BDI, LOW BDI AND CONTINUOUS

ATTITUDES - RECEIVED BRAND DESIRED

Base = Total Original Sample Recipients	RECEIVED BRAND DESIRED		
	HIGH BDI	LOW BDI	CONTINUOUS
WINSTON King	61.0%	66.9%	55.4%
WINSTON 100	69.9	70.2	74.1
Total Full Flavor	65.0	68.3	64.9
WINSTON Lights 85	71.4	69.6	58.4
WINSTON Lights 100	76.4	74.1	63.8
Total Lights	74.0	71.9	61.3
TOTAL WINSTON	69.8%	70.2%	62.9%
SALEM King	67.9%	62.5%	67.8%
SALEM 100	73.1	75.0	64.0
Total Full Flavor	70.4	68.8	65.2
SALEM Lights 85	64.8	73.6	70.7
SALEM Lights 100	73.2	76.7	72.2
Total Lights	69.8	75.3	71.6
TOTAL SALEM	70.1%	72.2%	68.6%

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http://legacy.library.ucsf.edu/ Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

APPENDIX C.

TARGETING SUCCESS

CONTINUOUS SAMPLING MARKET

Sample Delivered (Category)	CATEGORY OF USUAL BRAND OF SAMPLE RECIPIENTS			
	Non-Menthol		Menthol	
	FULL FLAVOR	LOW TAR	FULL FLAVOR	LOW TAR
WINSTON (Full Flavor)	55%	23%	10%	2%
WINSTON (Lights)	33	57	4	3
SALEM (Full Flavor)	20	7	54	15
SALEM (Lights)	14	22	36	25

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

APPENDIX D.

SAMPLE RECEIPT AMONG FAMILY SMOKERS
CONTINUOUS SAMPLING MARKET

SAMPLE RECEIPT AMONG WINSTON SMOKERS

% of Samples Delivered to other Style Smokers	Winston King	Winston 100	Winston Lt 85	Winston Lt 100
Winston King	-	4%	1%	1%
Winston 100	8%	-	0	5
TOTAL FULL FLAVOR	4	2	1	3
Winston Lights 85	7	5	-	5
Winston Lights 100	4	4	5	-
TOTAL LIGHTS	5	4	3	3
TOTAL WINSTON	5	3	2	3

SAMPLE RECEIPT AMONG SALEM SMOKERS

% of Samples Delivered to other Style Smokers	Salem King	Salem 100	Salem Lt 85	Salem Lt 100
Salem King	-	8%	5%	5%
Salem 100	8%	-	1	5
TOTAL FULL FLAVOR	5	3	3	5
Salem Lights 85	7	4	-	6
Salem Lights 100	4	7	3	-
TOTAL LIGHTS	6	6	2	3
TOTAL SALEM	5	4	2	4

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

July 3, 1975

Mr. Paul R. Ray, Jr.

Re: SALEM HEADLINE TESTS
(MRD # 75-0522 & 0485)

A series of nine alternate headlines were tested for a preliminary evaluation of their impact and persuasiveness.

1. The feeling is fresh, the taste is tobacco.
2. Revive your taste with Salem.
3. Refresh Yourself.
4. I get the country out of Salem.
5. Smoking. I found a way to enjoy it again.
6. Why smoke if you don't enjoy it.
7. Isn't it about time you enjoyed smoking again.
8. It's good to enjoy smoking again.
9. Maybe it sounds a little crazy, but I just started to enjoy smoking again.

This report will primarily deal with the three headlines that scored highest: "The feeling is fresh, the taste is tobacco" (Sailboat); "Revive your taste with Salem" (Revive); and "Why smoke if you don't enjoy it."

The more familiar "Refresh Yourself" and "I get the country" headlines had high immediate recall, but communicated a generic menthol message which was considered to be relatively unimportant.

Four of the headlines tested contained the word "again." These headlines were perceived as being aimed at smokers who had quit smoking. Due to this possible risk, these headlines were dropped from consideration.

Of the three high scoring headlines, "Revive your taste" had the more impactful headline.

IMMEDIATE HEADLINE RECALL

	SAILBOAT	REVIVE	WHY SMOKE
Total Recall	23%	54%	26%

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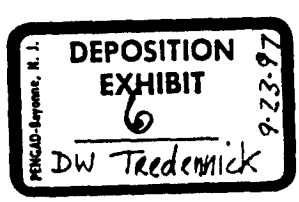

Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

When asked about the main point of the ads, respondents stated a generic menthol story for all three headlines. In addition, "Sailboat" also communicated tobacco taste and "Why Smoke" connoted Salem as a pleasurable, enjoyable smoke.

MAIN IDEA OF AD

	SAILBOAT %	REVIVE %	WHY SMOKE %
Fresh, refreshing	45	43	27
Cool taste	47	19	7
Tobacco taste	32	14	4
Revives taste	-	21	10
Pleasurable, enjoyment	5	15	30

Respondents felt that the pleasure, enjoyment idea in "Why Smoke" was a more important message.

IMPORTANCE OF MAIN IDEA
(% Extremely Important)

	SAILBOAT %	REVIVE %	WHY SMOKE %
Total	21	16	26
Salem Smokers	41	33	37
Other Menthol	22	16	33
Non-Menthol	10	9	18

To determine the uniqueness of the selling propositions, respondents were asked how different was the main idea from other cigarette claims. Results showed that all three claims were judged to be similar to other cigarettes.

DIFFERENCE OF MAIN IDEA
(% Extremely Different)

	SAILBOAT %	REVIVE %	WHY SMOKE %
Total	4	8	8
Salem Smokers	6	-	16
Other Menthol	2	12	5
Non-Menthol	4	9	7

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

Of the three headlines, "Why Smoke" appeared to be the best headline approach. It imparts the most important information: Salem is a refreshing cigarette that is enjoyable to smoke. Based on these results, the "Why Smoke" campaign is currently being prepared for national insertions.

Kay

Kay McCaffrey

KVM/nk

cc: Mr. J. H. Sherrill, Jr.
Mr. D. A. Cummins
Mr. J. T. Winebrenner
Mr. D. W. Tredennick
Mr. T. L. Ogburn
Mr. L. W. Hall, Jr.
Mr. R. M. Powers
Ms. Bonnie Kirby
Ms. Susan Holt

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79-1356

YOUNG ADULT PROMOTION TEST

	INITIALS	DATE
MRD CONCURRENCE		
Mr. J. R. Hribar	JRH	10/1/79
Mr. D. W. Tredennick	DWT	10/2/79
PROMOTION CONCURRENCE		
Mr. G. T. Barcody	GAM for GTB	10/2/79
Mr. G. A. Mason	GAM	10/2/79

Please return signed copy to John Hribar, Marketing Research Department.

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DEPOSITION EXHIBIT 8 9-23-97 DW. Tredenick

Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

CONSUMER RESEARCH PROPOSAL
(19.1356)

TITLE: YOUNG ADULT PROMOTION TEST - CAMEL LIGHTS/SALEM LIGHTS

BACKGROUND: The Promotion Department has developed a plan (Appendix I) designed to impact on young adult smokers using a variety of concentrated promotional activities. Specifically, the program will consist of selective sampling, bonus packs (BIGIF), purchase inducements (highlighter pens, record discount), retail sampling and point-of-sale advertising for Camel Lights and Salem Lights.

OBJECTIVE OF RESEARCH: Determine the effectiveness of the young adult program in terms of its ability to generate incremental consumer awareness and trial, enhance attitudes and affect purchase behavior among young adult smokers.

ACTION STANDARDS/ACTIONS TO BE TAKEN:

1. If the incremental change in attitudes and/or purchase among young adults is statistically significant, the program will be recommended for expansion to other markets where heavy concentrations of young adults can be identified.

2. Incremental change in awareness and trial among young adults will be measured to identify program problems/opportunities. These results will be used to make any necessary improvements to the program.

INFORMATION TO BE OBTAINED:. The following information will be obtained in the test:

1. Pre-post shift in brand awareness (by brand) among young adult smokers in the promotion area.

2. Pre-post shift in trial (by brand) among young adult smokers in the promotion area.

3. Pre-post shift in brand attitudes (by brand) among young adult smokers in the promotion area.

4. Purchase behavior, including intent to purchase and actual purchase, among young adult smokers in the promotion area.

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http://library.ucsf.edu/tobacco/ Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001

METHODOLOGY: A representative sample of young adult smokers will be collected within the geographical boundaries affected by the promotion (Appendix II). The sample will be collected so that it will be representative of all the various geographical locations promoted as well as being representative within each geographical location. Research personnel will be stationed at various times and locations to intercept and interview young adult smokers. After screening for smokers and appropriate age (18-25) the interviewer will conduct a brief interview (Appendix III). The person will then be asked to provide name and telephone number. These same people will be telephoned following the completion of the promotion program and interviewed to obtain required information.

TEST DESIGN: The initial sample will be split 50-50 male-female with all participants being 18 - 25 years of age. A total of 1000 participants will be intercepted to assure a callback completion sample of 300. Although awareness, trial and attitude measures will be reported by brand (Camel Lights/Salem Lights), purchase behavior will be reported in total due to the large base sizes which would be required to report them individually.

COST: The total cost of the research is $ 9000 and will be funded from the 1979 Promotion Research Budget.

TIMING:

EVENT	DATE
Pre-Period Interviews	10/15/79 - 10/31/79
Promotion Program	11/1/79 - 3/2/80
Post-Period Callbacks	3/3/80 - 3/14/80
Data Processing	3/15/80 - 3/31/80
Data Analysis	4/1/80 - 4/21/80
Final Report To Promotion Department	4/30/80

LOCATION: Boston

SUPPLIER: MARC

PROPOSAL BY: John R. Hribar

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Source: https://www.industrydocuments.ucsf.edu/docs/pggl0001